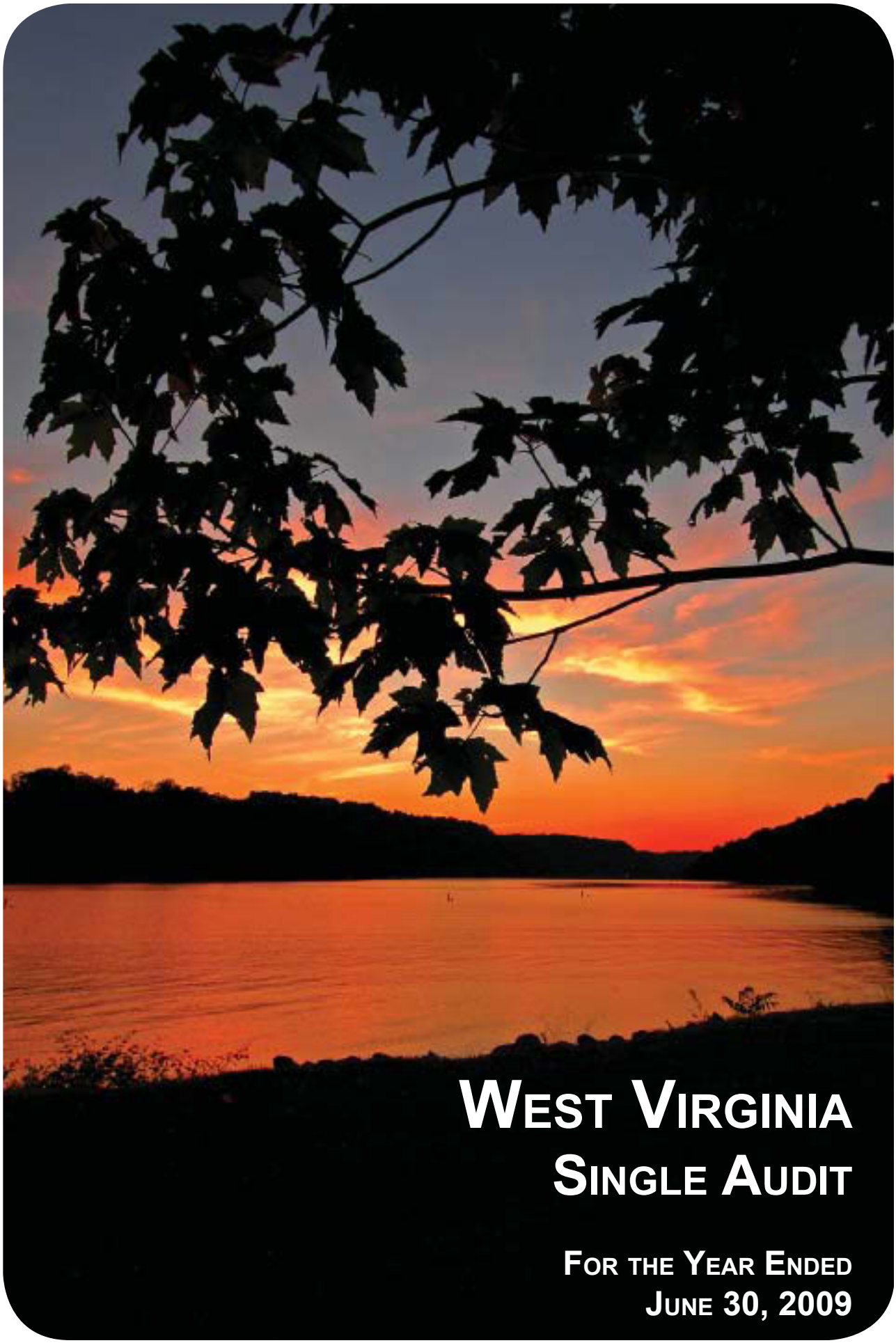

West Virginia
Single Audit

For the Year Ended
June 30, 2009

STATE OF WEST VIRGINIA SINGLE AUDIT

TABLE OF CONTENTS

	Page
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*	1
Report of Independent Auditors on Compliance, With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	20
Findings, Questioned Costs, and Management Responses	35
Summary Schedule of Prior Audit Findings	147

STATE OF WEST VIRGINIA.
JUNE
20
1863
MONTANI SEMPER LIBERI.

AUDITORS' REPORTS

Ernst & Young LLP
900 United Center
500 Virginia Street East
Charleston, West Virginia 25301

Tel: 304 343 8971
Fax: 304 357 5994
www.ey.com

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

The Honorable Joe Manchin III,
Governor of the State of West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of West Virginia as of and for the year ended June 30, 2009, which collectively comprise the State of West Virginia's basic financial statements and have issued our report thereon dated February 26, 2010. Our report was modified to include a reference to other auditors, for changes in accounting principles and for a restatement of the previously issued financial statements of the Tobacco Settlement Finance Authority as of July 1, 2008, respectively. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of certain entities within the governmental activities, the business-type activities, the aggregate discretely presented component units, the major funds, and the aggregate remaining fund information, which represent 64% of total assets, 77% of net assets, and 15% of total revenues for the governmental activities; 82% of total assets, 89% of net assets, and 89% of total revenues for the business-type activities; 100% of total assets, net assets, and total revenues for the aggregate discretely presented component units; 100% of total assets, net assets, and total revenues of the following major funds—Transportation, West Virginia Infrastructure and Jobs Development Council, Tobacco Settlement Finance Authority, West Virginia Lottery, Water Pollution Control, Workers' Compensation, and Unemployment Compensation; and 88% of total assets, 89% of net assets/fund balance, and 81% of the total revenues/additions for the aggregate remaining fund information, respectively, as described in our report on the State of West Virginia's basic financial statements. The financial statements of the West Virginia Investment Management Board, West Virginia Housing Development Fund, and the West Virginia Offices of the Insurance Commissioner were audited by other auditors in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards.* This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

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

A member firm of Ernst & Young Global Limited

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or 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 as items 2009–2, 2009–7 to 2009–9, and 2009–43 to be material weaknesses.

A significant deficiency, is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009–1, 2009–3 to 2009–6, and 2009–43 to be significant deficiencies.

Compliance and Other Matters

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

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

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

Ernst & Young LLP

February 26, 2010

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
900 United Center
500 Virginia Street East
Charleston, West Virginia 25301
Tel: 304 343 8971
Fax: 304 357 5994
www.ey.com

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A–133

The Honorable Joe Manchin III,
Governor of the State of West Virginia

Compliance

We have audited the compliance of the State of West Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A–133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The State of West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's compliance with the compliance requirements referred to above that are applicable to the Highway Planning and Construction Cluster. These compliance requirements were audited by other auditors whose report thereon has been furnished to us. Our opinion on compliance, insofar as it relates to compliance with requirements referred to above that are applicable to the aforementioned major federal program, is based solely upon the report of other auditors. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of West Virginia's management. Our responsibility is to express an opinion on the State of West Virginia's compliance based on our audit and the reports of other auditors.

The State of West Virginia's basic financial statements include the operations of the Housing Development Fund, the Educational Broadcasting Authority, the West Virginia University Research Corporation, Marshall University Research Corporation, and West Virginia State Research Corporation, which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2009. Our audit, described below, did not include the operations of these discretely presented component units, because these entities engaged other auditors to perform an audit in accordance with OMB Circular A–133.

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

A member firm of Ernst & Young Global Limited

As described in items 2009–19, 2009–23 to 2009–25, 2009–27 to 2009–30, 2009–39, and 2009–53 to 2009–55 in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements regarding cash management applicable to the Title I Grants to Local Educational Agencies, Special Education Cluster, and Improving Teacher Quality State Grants programs; eligibility applicable to the Adoption Assistance and Foster Care—Title IV-E programs; equipment and real property management and reporting applicable to Weatherization Assistance for Low-Income Persons program; and subrecipient monitoring applicable to the Abandoned Mine Land Reclamation and Weatherization Assistance for Low-Income Persons programs. Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with requirements applicable to the aforementioned programs.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph applicable to the Weatherization Assistance for Low-Income Persons, the State of West Virginia did not comply in all material respects, with the requirements referred to above that are applicable to the Weatherization Assistance for Low-Income Persons.

Also in our opinion, based on our audit and the report of other auditors, except for the noncompliance described in the preceding two paragraphs, the State of West Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements 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 2009–10, 2009–12 to 2009–20, 2009–31 to 2009–38, 2009–40 to 2009–43, 2009–45 to 2009–49, 2009–51 to 2009–52 and 2009–56 to 2009–58.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we and the other auditors identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A member firm of Ernst & Young Global Limited

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009–10 to 12, and 2009–16 to 2009-19, and 2009–21 to 2009-59 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009–12, 2009–16, 2009–19, 2009–23 to 2009–25, 2009–27 to 2009–30, 2009–39, 2009-43, 2009–48 to 2009–50, 2009–52 to 2009–55, and 2009–59 to be material weaknesses.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of West Virginia, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 26, 2010, which expressed reliance on other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A–133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the State of West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Ernst & Young LLP

March 31, 2010, except for the paragraph on the
Schedule of Expenditures of Federal Awards,
for which the date is February 26, 2010

A member firm of Ernst & Young Global Limited

STATE OF WEST VIRGINIA.
JUNE
20
1863
MONTANI SEMPER LIBERI.

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, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
OFFICE OF DRUG CONTROL POLICY				
I3PAPP501Z	APPALACHIAN HIDTA (NOTE 3)	24,513	-	24,513
I8PAPP501	APPALACHIAN HIDTA (NOTE 3)	292,687	-	292,687
I9PAPP501	APPALACHIAN HIDTA (NOTE 3)	182,712	-	182,712
TOTAL OFFICE OF DRUG CONTROL POLICY		**499,912**	-	**499,912**
DEPARTMENT OF AGRICULTURE				
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	766,412	-	766,412
10.028	WILDLIFE SERVICES	45,790	-	45,790
10.163	MARKET PROTECTION AND PROMOTION	14,351	-	14,351
10.168	FARMERS' MARKET PROMOTION PROGRAM	22,069	-	22,069
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	112,403	-	112,403
10.225	COMMUNITY FOOD PROJECTS	19,670	-	19,670
10.458	CROP INSURANCE EDUCATION IN TARGETED STATES	232,337	-	232,337
10.475	COOPERATIVE AGREEMENTS WITH STATES FOR INTRASTATE MEAT AND POULTRY INSPECTION	577,076	-	577,076
10.500	COOPERATIVE EXTENSION SERVICE	5,290,443	50,278	5,340,721
10.557	SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	29,608,249	8,074,644	37,682,893
10.558	CHILD AND ADULT CARE FOOD PROGRAM	263,525	14,454,077	14,717,602
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	8,295,147	245	8,295,392
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	70,000	-	70,000
10.574	TEAM NUTRITION GRANTS	18,541	164,340	182,881
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	416,125	-	416,125
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10,355	353,579	363,934
10.579	ARRA - CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	8,449	-	8,449
	TOTAL FOR CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	18,804	353,579	372,383
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	14,407	555,187	569,594
10.664	COOPERATIVE FORESTRY ASSISTANCE	728,528	34,413	762,941
10.676	FOREST LEGACY PROGRAM	353,589	-	353,589
10.678	FOREST STEWARDSHIP PROGRAM	308	-	308
10.680	FOREST HEALTH PROTECTION	1,098,963	-	1,098,963
10.769	RURAL BUSINESS ENTERPRISE GRANTS	316	-	316
10.902	SOIL AND WATER CONSERVATION	811	-	811
10.903	SOIL SURVEY	1,577	-	1,577
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	31,929	-	31,929
10.914	WILDLIFE HABITAT INCENTIVE PROGRAM	50,599	-	50,599
10.917	AGRICULTURAL MANAGEMENT ASSISTANCE	4,970	-	4,970
NOTE 5A	SNAP CLUSTER	385,608,692	2,527,599	388,136,291
NOTE 5B	CHILD NUTRITION CLUSTER	846,460	72,784,309	73,630,769
NOTE 5C	EMERGENCY FOOD ASSISTANCE CLUSTER	1,809,104	-	1,809,104

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
NOTE 5D	SCHOOLS AND ROADS CLUSTER	3,372,989	-	3,372,989
04-CR-11061500-028	USDA FOREST SERVICE REGION 6 UMPQUA NATIONAL FOREST DIAMOND LAKE WINTER USE STUDY	836	-	836
07-JV-11242300-099 under 02	SOIL CARBON MODELING	21,882	-	21,882
07-JV-11242300-160	A SYMPOSIUM TO SYNTHESIZE INFORMATION FROM EXPERIMENTAL FORESTS AND RANGES (CESU)	86,238	-	86,238
2008-41521-04559	YOUTH SAFE FARM	60,165	-	60,165
68-3A75-2-89 Mod 11	PROJECT SUPPORT PROPOSAL FOR NETWORK ENGINEER FOR THE NATIONAL GEOSPATIAL DEVELOPMENT CENTER	294	-	294
68-3A75-2-89 Mod 19	PROJECT SUPPORT PROPOSAL FOR PROVIDING DATA AND DATA DELIVERY PROTOCOLS TO THE RISK MANAGEMENT AGENCY(CESU)	93,352	-	93,352
AGR # 68-3A75-2-89 MOD 6	MULTISCALE TERRAIN ANALYSIS	1	-	1
AGR # 68-3A75-2-89 MOD 7	SOIL CATENA WATER DYNAMICS	45,179	57,558	102,737
AGR # 68-3A75-8-66 Mod 3	RS APPLICATION COMPLETION	18,530	-	18,530
AGR # 68-7482-8-387	SOIL SURVEY SCANNING	97,261	-	97,261
AGR # 68-7482-8-388	NGDC CO-DIRECTOR	98,769	-	98,769
AGR # 68-7482-8-389	NGDC NETWORK ADMINISTRATOR	302,330	-	302,330
AGR # 68-7482-8-405	NRAC334 NRCS SOIL SURVEY VALUE	18,076	-	18,076
AGR # 68-7482-8-406	NRAC344-NRCS-SAGEGROUSE	377	-	377
AGR # 68-7482-8-407	SCALING SOIL QUALITY	22,852	-	22,852
AGR # 68-7482-8-408	NRAC354 NRCS SCALE DEPENDENCY	566	-	566
AGR # 68-7482-8-425Y	NRAC371 CESU REMOTE SENSING	16,074	-	16,074
AGR # 68-7482-8-436Y	FRAGIPAN INFLUENCE IN WV	18,970	-	18,970
NSF 06-CR-10062759-439	RECREATION USE MONITORING	307,863	226,196	534,059
TOTAL DEPARTMENT OF AGRICULTURE		**440,903,799**	**99,282,425**	**540,186,224**
DEPARTMENT OF COMMERCE				
11.555	PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT PROGRAM	-	3,063,739	3,063,739
TOTAL DEPARTMENT OF COMMERCE		**-**	**3,063,739**	**3,063,739**
DEPARTMENT OF DEFENSE				
12.113	STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	73,079	-	73,079
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	9,532,876	-	9,532,876
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	21,011,493	-	21,011,493
12.402	NATIONAL GUARD SPECIAL MILITARY OPERATIONS & PROJECTS	192,960	-	192,960
12.404	NATIONAL GUARD CIVILIAN YOUTH OPPORTUNITIES	2,326,948	-	2,326,948
84.815	TROOPS TO TEACHERS	138,817	-	138,817
DABT 60-96-C-0014	ROTC	7,000	-	7,000
TOTAL DEPARTMENT OF DEFENSE		**33,283,173**	**-**	**33,283,173**
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.110	MANUFACTURED HOME LOAN INSURANCE-FINANCING PURCHASE OF MANUFACTURED HOMES AS PRINCIPAL RESIDENCES OF BORROWERS	42,328	-	42,328
14.231	EMERGENCY SHELTER GRANTS PROGRAM	48,562	829,677	878,239
14.235	SUPPORTIVE HOUSING PROGRAM	42,956	74,500	117,456
14.241	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	18,742	632,185	650,927

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
14.246	COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNSFIELDS ECONOMIC DEVELOPMENT INITIATIVE	23,488	-	23,488
14.251	ECONOMIC DEVELOPMENT INITIATIVE-SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS	305,669	-	305,669
14.257	ARRA - HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (RECOVERY ACT FUNDED)	1,280	-	1,280
14.400	EQUAL OPPORTUNITY IN HOUSING	61,260	-	61,260
NOTE 5E	CDBG - STATE-ADMINISTERED SMALL CITIES PROGRAM CLUSTER	729,299	20,195,641	20,924,940
B-03-SP-WV-0880	RENOVATION OF LIBRARY AT POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY	163,989	14,265	178,254
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		**1,437,573**	**21,746,268**	**23,183,841**
DEPARTMENT OF THE INTERIOR				
15.250	REGULATION OF SURFACE COAL MINING AND SURFACE EFFECTS OF UNDERGROUND COAL MINING	11,358,521	-	11,358,521
15.252	ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM	20,870,701	8,296,331	29,167,032
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	69,769	-	69,769
15.633	LANDOWNER INCENTIVE PROGRAM	94,339	-	94,339
15.634	STATE WILDLIFE GRANTS	167,979	-	167,979
15.808	U.S. GEOLOGICAL SURVEY-RESEARCH AND DATA COLLECTION	45,936	-	45,936
15.810	NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM	81,505	-	81,505
15.904	HISTORIC PRESERVATION FUND GRANTS-IN-AID	582,844	15,000	597,844
15.916	OUTDOOR RECREATION-ACQUISITION, DEVELOPMENT AND PLANNING	11,478	803,076	814,554
NOTE 5F	FISH AND WILDLIFE CLUSTER	6,349,826	-	6,349,826
4000-8-9004	NATIONAL PARK SERVICE GRANT	249,937	-	249,937
50181-5-J034	CERULEAN WARBLER FOREST MANAGEMENT PROJECT	20,289	-	20,289
90-CSA-WV1-001 800/1015450/001	SHARE FACULTY OUTDOOR RECREATION RESEARCH & EDUCATION	5,039	-	5,039
J2270080024/H6000082000	MAPPING SUPPORT FOR NPS	32,932	-	32,932
J4160070401/H6000C02000	CONTROL AND EVALUATION OF MORROW'S HONEYSUCKLE TO PROMOTE WOODCOCK AND OTHER WILDLIFE ON THE FORT NECESSITY NATIONAL BATTLEFIELD (CESU)	14,329	-	14,329
J4780070500/H6000C02000	LONG-TERM HEMLOCK ECOSYSTEM MONITORING AT NEW RIVER AND GAULEY RIVER NATIONAL RECREATION AREA (CESU)	175	-	175
NRGNR	NEW RIVER GORGE NATIONAL RIVER - FIRE HISTORY COOPERATIVE ECO SYSTEM STUDIES	(3,577)	-	(3,577)
TOTAL DEPARTMENT OF THE INTERIOR		**39,952,022**	**9,114,407**	**49,066,429**
DEPARTMENT OF JUSTICE				
16.202	PRISONER REENTRY INITIATIVE DEMONSTRATION (OFFENDER REENTRY)	40,000	-	40,000
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	40,332	264,646	304,978
16.529	EDUCATION, TRAINING, AND ENHANCED SERVICES TO END VIOLENCE AGAINST AND ABUSE OF WOMEN WITH DISABILITIES	2,557	-	2,557
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION-ALLOCATION TO STATES	68,391	443,490	511,881
16.543	MISSING CHILDREN'S ASSISTANCE	132,302	-	132,302
16.548	TITLE V-DELINQUENCY PREVENTION PROGRAM	3,370	-	3,370
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS	82,428	-	82,428
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	159,698	16,308	176,006
16.560	NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS	10,437	169,651	180,088
16.564	CRIME LABORATORY IMPROVEMENT_COMBINED OFFENDER DNA INDEX SYSTEM BACKLOG REDUCTION	41,904	-	41,904
16.575	CRIME VICTIM ASSISTANCE	104,293	2,207,364	2,311,657

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
16.576	CRIME VICTIM COMPENSATION	842,700	-	842,700
16.579	EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	417,728	1,495,886	1,913,614
16.580	EDWARD BYRNE MEMORIAL STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE DISCRETIONARY GRANTS PROGRAM	182,358	-	182,358
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	121,903	-	121,903
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	68,290	861,519	929,809
16.588	ARRA - VIOLENCE AGAINST WOMEN FORMULA GRANTS	1,550	-	1,550
	TOTAL FOR VIOLENCE AGAINST WOMEN FORMULA GRANTS	69,840	861,519	931,359
16.589	RURAL DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ASSISTANCE PROGRAM	353	186,889	187,242
16.590	GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS	170,140	194,038	364,178
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	1,432	68,255	69,687
16.602	CORRECTIONS-RESEARCH AND EVALUATION AND POLICY FORMULATION	7,619	-	7,619
16.607	BULLETPROOF VEST PARTNERSHIP PROGRAM	8,092	-	8,092
16.609	COMMUNITY PROSECUTION AND PROJECT SAFE NEIGHBORHOODS	19,314	80,733	100,047
16.612	NATIONAL WHITE COLLAR CRIME CENTER	-	23,497	23,497
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	64,235	700,926	765,161
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	10,531	244,150	254,681
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	66,995	-	66,995
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	82,717	-	82,717
16.744	ANTI-GANG INITIATIVE	(930)	68,650	67,720
16.801	ARRA - RECOVERY ACT - STATE VICTIM ASSISTANCE FORMULA GRANT PROGRAM	904	-	904
16.802	ARRA - RECOVERY ACT - STATE VICTIM COMPENSATION FORMULA GRANT PROGRAM	348,230	-	348,230
16.803	ARRA - RECOVERY ACT - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM / GRANTS TO STATES AND TERRITORIES	5,010	-	5,010
16742	PAUL COVERDELL FORENSIC SCIENCE IMPROVEMENT	86,935	-	86,935
2001100	MISCELLANEOUS JUSTICE PROGRAMS	185,977	-	185,977
2001HSWXK035	REGIONAL COMMUNITY POLICING INSTITUTE	53,836	-	53,836
2004-PM-BX-008	PRESCRIPTION DRUG MONITORING PROGRAM	11,308	-	11,308
2007-WA-AX-0001	UNIVERSITY COORDINATED COMMUNITY COUNCIL ON DOMESTIC VIOLENCE AT WVSU	104,092	-	104,092
PL-106-170	SOCIAL SECURITY INMATE INCENTIVE	6,846	-	6,846
WV-1	PURDUE PHARMA SETTLEMENT	11,862,540	1,626,616	13,489,156
WV-2	EQUITABLE SHARING PROGRAM-JUSTICE	1,753	-	1,753
WV-3	MISCELLANEOUS	(1,270)	-	(1,270)
TOTAL DEPARTMENT OF JUSTICE		**15,416,900**	**8,652,618**	**24,069,518**

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
DEPARTMENT OF LABOR				
17.002	LABOR FORCE STATISTICS	885,173	-	885,173
17.005	COMPENSATION AND WORKING CONDITIONS	28,117	-	28,117
17.203	LABOR CERTIFICATION FOR ALIEN WORKERS	54,671	-	54,671
17.225	UNEMPLOYMENT INSURANCE - NOTE 4	442,677,581	-	442,677,581
17.225	ARRA - UNEMPLOYMENT INSURANCE - NOTE 4	14,239,988		14,239,988
	TOTAL FOR UNEMPLOYMENT INSURANCE - NOTE 4	456,917,569	-	456,917,569
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	73,486	955,212	1,028,698
17.245	TRADE ADJUSTMENT ASSISTANCE	4,178,432	-	4,178,432
17.246	EMPLOYMENT AND TRAINING ASSISTANCE-DISLOCATED WORKERS	23,197	-	23,197
17.261	WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	318,584	-	318,584
17.266	WORK INCENTIVES GRANT	93,130	442,144	535,274
17.267	INCENTIVE GRANTS - WIA SECTION 503	17,001	30,315	47,316
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	47,052	-	47,052
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	12,070	-	12,070
17.504	CONSULTATION AGREEMENTS	457,562	-	457,562
17.600	MINE HEALTH AND SAFETY GRANTS	543,898	-	543,898
17.999	MISCELLANEOUS LABOR PROGRAMS	254,971	-	254,971
NOTE 5G	EMPLOYMENT SERVICES CLUSTER	6,631,561	-	6,631,561
NOTE 5H	WIA CLUSTER	1,814,018	12,574,551	14,388,569
TOTAL DEPARTMENT OF LABOR		**472,350,492**	**14,002,222**	**486,352,714**
DEPARTMENT OF STATE				
1059-706027	VASEASHTA PROJECT	53,608	-	53,608
TOTAL DEPARTMENT OF STATE		**53,608**	**-**	**53,608**
DEPARTMENT OF TRANSPORTATION				
20.218	NATIONAL MOTOR CARRIER SAFETY	2,178,822	-	2,178,822
20.232	COMMERCIAL DRIVER LICENSE STATE PROGRAMS	399,978	-	399,978
20.505	FEDERAL TRANSIT METROPOLITAN PLANNING GRANTS	25,208	38,072	63,280
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	1,050,248	4,079,016	5,129,264
20.607	ALCOHOL OPEN CONTAINER REQUIREMENTS	1,669,771	466,974	2,136,745
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	734,570	26,435	761,005
20.614	NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION DISCRETIONARY SAFETY GRANTS	59,234	-	59,234
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	266,629	-	266,629
NOTE 5J	FEDERAL TRANSIT CLUSTER	1,684,006	497,089	2,181,095
NOTE 5K	TRANSIT SERVICES PROGRAMS CLUSTER	1,227,592	251,658	1,479,250
NOTE 5L	HIGHWAY SAFETY CLUSTER	951,806	2,330,294	3,282,100
F08-HS-10-DOT	MAY 2008 CLICK IT OR TICKET BLITZ	121,865	-	121,865

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
WV-03-0034-00	MORGANTOWN INTERMODAL TRANSIT AND PARKING FACILITY	4,885,581	-	4,885,581
WV-03-0035-00	M-PRT VEHICLE CONTROL/SIGNALS	81,618	-	81,618
TOTAL DEPARTMENT OF TRANSPORTATION		**15,336,928**	**7,689,538**	**23,026,466**
DEPARTMENT OF THE TREASURY				
21.999	JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003	-	60,915	60,915
WV-4	EQUITABLE SHARING PROGRAM-TREASURY	(254)	-	(254)
TOTAL DEPARTMENT OF THE TREASURY		**(254)**	**60,915**	**60,661**
APPALACHIAN REGIONAL COMMISSION				
23.002	APPALACHIAN AREA DEVELOPMENT	10,240	2,211,461	2,221,701
23.011	APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	228,647	165,582	394,229
TOTAL APPALACHIAN REGIONAL COMMISSION		**238,887**	**2,377,043**	**2,615,930**
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
30.001	EMPLOYMENT DISCRIMINATION-TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	97,444	-	97,444
TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		**97,444**	**-**	**97,444**
GENERAL SERVICES ADMINISTRATION				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	131,742	-	131,742
39.011	ELECTION REFORM PAYMENTS	101,541	-	101,541
TOTAL GENERAL SERVICES ADMINISTRATION		**233,283**	**-**	**233,283**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
43.001	AEROSPACE EDUCATION SERVICES PROGRAM (NOTE 3)	1,517,599	-	1,517,599
43.002	TECHNOLOGY TRANSFER	52,874	-	52,874
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		**1,570,473**	**-**	**1,570,473**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
45.025	PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	383,681	223,476	607,157
45.310	GRANTS TO STATES	1,025,937	204,553	1,230,490
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		**1,409,618**	**428,029**	**1,837,647**
NATIONAL SCIENCE FOUNDATION				
47.070	COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	5,000	-	5,000
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	15,148	-	15,148
47.076	EDUCATION AND HUMAN RESOURCES	385,063	2,079,269	2,464,332
TOTAL NATIONAL SCIENCE FOUNDATION		**405,211**	**2,079,269**	**2,484,480**

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
SMALL BUSINESS ADMINISTRATION				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	586,808	(30,651)	556,157
TOTAL SMALL BUSINESS ADMINISTRATION		**586,808**	**(30,651)**	**556,157**
DEPARTMENT OF VETERANS AFFAIRS				
64.015	VETERANS STATE NURSING HOME CARE	2,490,410	-	2,490,410
64.124	ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	191,919	-	191,919
TOTAL DEPARTMENT OF VETERANS AFFAIRS		**2,682,329**	**-**	**2,682,329**
ENVIRONMENTAL PROTECTION AGENCY				
66.001	AIR POLLUTION CONTROL PROGRAM SUPPORT	1,376,379	-	1,376,379
66.032	STATE INDOOR RADON GRANTS	29,508	29,792	59,300
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	22,196	-	22,196
66.202	CONGRESSIONALLY MANDATED PROJECTS	82,647	-	82,647
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL PROGRAM SUPPORT	2,258,148	-	2,258,148
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	712,565	-	712,565
66.433	STATE UNDERGROUND WATER SOURCE PROTECTION	165,771	-	165,771
66.436	SURVEYS, STUDIES, INVESTIGATIONS, DEMONSTRATIONS, AND TRAINING GRANTS AND COOPERATIVE AGREEMENTS 104 (b) (3) OF THE CLEAN WATER ACT	62,589	-	62,589
66.438	CONSTRUCTION MANAGEMENT ASSISTANCE	65,768	-	65,768
66.454	WATER QUALITY MANAGEMENT PLANNING	108,058	-	108,058
66.458	CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	-	11,245,691	11,245,691
66.458	ARRA - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	-	138,606	138,606
	TOTAL FOR CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	-	11,384,297	11,384,297
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	2,398,035	-	2,398,035
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	42,650	-	42,650
66.463	WATER QUALITY COOPERATIVE AGREEMENTS	(1,123)	-	(1,123)
66.466	CHESAPEAKE BAY PROGRAM	216,262	-	216,262
66.467	WASTEWATER OPERATOR TRAINING GRANT PROGRAM (TECHNICAL ASSISTANCE)	3,963	-	3,963
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND	1,919,387	5,432,057	7,351,444
66.471	STATE GRANTS TO REIMBURSE OPERATORS OF SMALL WATER SYSTEMS FOR TRAINING AND CERTIFICATION COSTS	191,036	-	191,036
66.474	WATER PROTECTION GRANTS TO THE STATES	36,958	-	36,958
66.605	PERFORMANCE PARTNERSHIP GRANTS	328,903	-	328,903
66.606	SURVEYS, STUDIES, INVESTIGATIONS AND SPECIAL PURPOSE GRANTS	496,300	-	496,300
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT PROGRAM AND RELATED ASSISTANCE	2,572	-	2,572
66.701	TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS	93,549	-	93,549
66.707	TSCA TITLE IV STATE LEAD GRANTS-CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	259,027	-	259,027
66.708	POLLUTION PREVENTION GRANTS PROGRAM	127,775	-	127,775
66.801	HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	2,151,912	-	2,151,912

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE-SPECIFIC COOPERATIVE AGREEMENTS	239,425	-	239,425
66.804	STATE AND TRIBAL UNDERGROUND STORAGE TANKS PROGRAM	481,793	-	481,793
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND PROGRAM	669,693	-	669,693
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS	364,865	-	364,865
66.814	BROWNFIELDS TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS AND COOPERATIVE AGREEMENTS	327	-	327
66.815	BROWNFIELD JOB TRAINING COOPERATIVE AGREEMENTS	2,286	-	2,286
66.950	ENVIRONMENTAL EDUCATION AND TRAINING PROGRAM	4,040	-	4,040
CB-97327301-0	WRI-71-PERFORMANCE EVALUATION OF ADVANCED ONSITE WASTEWATER TREATMENT OPTIONS	22,107	-	22,107
WV-5	MISC. FEDERAL AWARD PROGRAMS	1,186,344	-	1,186,344
TOTAL ENVIRONMENTAL PROTECTION AGENCY		**16,121,715**	**16,846,146**	**32,967,861**
DEPARTMENT OF ENERGY				
81.041	STATE ENERGY PROGRAM	658,752	118,221	776,973
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	440,100	3,758,059	4,198,159
81.042	ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	28,665	1,098,960	1,127,625
	TOTAL FOR WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	468,765	4,857,019	5,325,784
WV-6	PETROLEUM VIOLATION ESCROW FUNDS	33,381	50,978	84,359
TOTAL DEPARTMENT OF ENERGY		**1,160,898**	**5,026,218**	**6,187,116**
FEDERAL EMERGENCY MANAGEMENT AGENCY				
83.516	DISASTER ASSISTANCE	23,127	-	23,127
83.535	MITIGATION ASSISTANCE	31,497	-	31,497
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		**54,624**	**-**	**54,624**
DEPARTMENT OF EDUCATION				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	579,047	2,996,175	3,575,222
84.011	MIGRANT EDUCATION-STATE GRANT PROGRAM	1,260	106,894	108,154
84.013	TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	664,237	-	664,237
84.031	HIGHER EDUCATION-INSTITUTIONAL AID	2,855,897	-	2,855,897
84.048	CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	4,123,135	5,223,213	9,346,348
84.069	LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP	218,300	280,800	499,100
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	219,349	-	219,349
84.128	REHABILITATION SERVICES-SERVICE PROJECTS	-	107,526	107,526
84.169	INDEPENDENT LIVING-STATE GRANTS	-	218,707	218,707
84.176	DOUGLAS TEACHER SCHOLARSHIPS	(1,925)	-	(1,925)
84.177	REHABILITATION SERVICES-INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND	171,133	-	171,133
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NATIONAL PROGRAMS	74,933	2,022	76,955

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
84.185	BYRD HONORS SCHOLARSHIPS	13,500	206,011	219,511
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-STATE GRANTS	106,701	2,112,014	2,218,715
84.187	SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES	233,139	-	233,139
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	174,805	332,964	507,769
84.213	EVEN START-STATE EDUCATIONAL AGENCIES	53,892	494,717	548,609
84.215	FUND FOR THE IMPROVEMENT OF EDUCATION	200,655	170,390	371,045
84.224	ASSISTIVE TECHNOLOGY	-	420,691	420,691
84.243	TECH-PREP EDUCATION	26,892	799,720	826,612
84.265	REHABILITATION TRAINING-STATE VOCATIONAL REHABILITATION UNIT IN-SERVICE TRAINING	76,440	-	76,440
84.286	READY TO TEACH	240,211	-	240,211
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	342,713	7,073,240	7,415,953
84.293	FOREIGN LANGUAGE ASSISTANCE	60,370	1,215	61,585
84.298	STATE GRANTS FOR INNOVATIVE PROGRAMS	-	303,108	303,108
84.318	EDUCATION TECHNOLOGY STATE GRANTS	70,308	1,813,131	1,883,439
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	710,378	203,792	914,170
84.325	SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	148,522	-	148,522
84.326	SPECIAL EDUCATION-TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	104,396	27,437	131,833
84.330	ADVANCED PLACEMENT PROGRAM	46,358	45,644	92,002
84.331	GRANTS TO STATES FOR INCARCERATED YOUTH OFFENDERS	125,019	-	125,019
84.334	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	5,027,616	1,499,052	6,526,668
84.350	TRANSITION TO TEACHING	470,974	2,970	473,944
84.357	READING FIRST STATE GRANTS	1,340,110	5,573,949	6,914,059
84.358	RURAL EDUCATION	348,592	3,358,436	3,707,028
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	156,343	407,707	564,050
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	126,028	1,457,830	1,583,858
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	755,565	26,068,331	26,823,896
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	7,053,646	-	7,053,646
84.373	SPECIAL EDUCATION_TECHNICAL ASSISTANCE ON STATE DATA COLLECTION	241,693	8,018	249,711
84.377	SCHOOL IMPROVEMENT GRANTS	154,013	1,503,554	1,657,567
84.378	COLLEGE ACCESS CHALLENGE GRANT PROGRAM	285,637	-	285,637
84.928	NATIONAL WRITING PROJECT	14,123	-	14,123
NOTE 5M	TITLE I, PART A CLUSTER	1,050,688	96,674,088	97,724,776
NOTE 5N	SPECIAL EDUCATION CLUSTER	7,812,940	71,559,579	79,372,519
NOTE 5O	TRIO CLUSTER	4,883,857	-	4,883,857
NOTE 5P	VOCATIONAL REHABILITATION CLUSTER	20,544,234	305,338	20,849,572
NOTE 5Q	EARLY INTERVENTION SERVICES (IDEA) CLUSTER	800,000	508,731	1,308,731
159608	THE NETWORK GRANT	1,480	-	1,480
CO-13764E	APPALACHIAN HIGHER EDUCATION NETWORK	46,830	-	46,830
ED-03-CO-0058	PERFORMANCE BASED DATA MANAGEMENT INITIATIVE	194,901	-	194,901
VA06	VETERAN'S CERTIFICATION	7,728	-	7,728
TOTAL DEPARTMENT OF EDUCATION		**62,956,663**	**231,866,994**	**294,823,657**

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
ELECTION ASSISTANCE COMMISSION				
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	241,821	-	241,821
TOTAL ELECTION ASSISTANCE COMMISSION		**241,821**	-	**241,821**
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
93.041	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION	1,793	31,872	33,665
93.042	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	116,336	16,810	133,146
93.043	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	-	155,841	155,841
93.048	SPECIAL PROGRAMS FOR THE AGING-TITLE IV AND TITLE II - DISCRETIONARY PROJECTS	-	86,202	86,202
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	34,542	299,589	334,131
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	19,425	1,051,748	1,071,173
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	2,786,342	4,258,131	7,044,473
93.103	FOOD AND DRUG ADMINISTRATION-RESEARCH	4,164	-	4,164
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	169,994	66,465	236,459
93.116	PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSS CONTROL PROGRAMS	304,800	5,000	309,800
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	140,438	142,695	283,133
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	7,953	104,660	112,613
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	-	297,372	297,372
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	-	150,000	150,000
93.197	CHILDHOOD LEAD POISONING PREVENTION PROJECTS-STATE AND LOCAL CHILDHOOD LEAD POISONING PREVENTION AND SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN	76,130	-	76,130
93.217	FAMILY PLANNING-SERVICES	2,529,929	-	2,529,929
93.234	TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	21,771	112,129	133,900
93.235	ABSTINENCE EDUCATION PROGRAM	3,602	397,873	401,475
93.240	STATE CAPACITY BUILDING	97,452	-	97,452
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	173,178	309,949	483,127
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	88,100	3,094,664	3,182,764
93.251	UNIVERSAL NEWBORN HEARING SCREENING	136,430	24,324	160,754
93.264	NURSE FACULTY LOAN PROGRAM (NFLP)	40,000	-	40,000
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION-INVESTIGATIONS AND TECHNICAL ASSISTANCE	6,499,327	2,435,290	8,934,617
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	8,326	200,725	209,051
93.389	NATIONAL CENTER FOR RESEARCH RESOURCES (NOTE 3)	298,526	-	298,526
93.556	PROMOTING SAFE AND STABLE FAMILIES	2,554,214	422,515	2,976,729
93.560	FAMILY SUPPORT PAYMENTS TO STATES-ASSISTANCE PAYMENTS	(32,074)	-	(32,074)
93.563	CHILD SUPPORT ENFORCEMENT	23,348,364	-	23,348,364
93.563	ARRA - CHILD SUPPORT ENFORCEMENT	1,782,000	-	1,782,000
	TOTAL FOR CHILD SUPPORT ENFORCEMENT	25,130,364	-	25,130,364
93.566	REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	16,853	71,434	88,287

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	31,646,120	3,617,065	35,263,185
93.586	STATE COURT IMPROVEMENT PROGRAM	497,387	-	497,387
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	1,371	200,555	201,926
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	42,837	-	42,837
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV)	364,711	25,570	390,281
93.603	ADOPTION INCENTIVE PAYMENTS	89,000	-	89,000
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	224,644	443,731	668,375
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	-	135,357	135,357
93.645	CHILD WELFARE SERVICES-STATE GRANTS	1,810,390	-	1,810,390
93.658	FOSTER CARE-TITLE IV-E	34,622,181	603,862	35,226,043
93.658	ARRA - FOSTER CARE-TITLE IV-E	1,484,503	-	1,484,503
	TOTAL FOR FOSTER CARE-TITLE IV-E	36,106,684	603,862	36,710,546
93.659	ADOPTION ASSISTANCE	14,997,512	-	14,997,512
93.659	ARRA - ADOPTION ASSISTANCE	910,647	-	910,647
	TOTAL FOR ADOPTION ASSISTANCE	15,908,159	-	15,908,159
93.667	SOCIAL SERVICES BLOCK GRANT	11,164,860	-	11,164,860
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	332	108,029	108,361
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES/GRANTS FOR BATTERED WOMEN'S SHELTERS-GRANTS TO STATES AND INDIAN TRIBES	-	907,804	907,804
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	389,391	574,222	963,613
93.767	STATE CHILDREN'S INSURANCE PROGRAM	37,406,406	-	37,406,406
93.768	MEDICAID INFRASTRUCTURE GRANTS TO SUPPORT THE COMPETITIVE EMPLOYMENT OF PEOPLE WITH DISABILITIES	3,469	523,344	526,813
93.779	CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	127,827	486,394	614,221
93.793	MEDICAID TRANSFORMATION GRANTS	2,138,941	881,067	3,020,008
93.824	BASIC/CORE AREA HEALTH EDUCATION CENTERS (NOTE 3)	60,735	-	60,735
93.887	HEALTH CARE AND OTHER FACILITIES	1,042,094	37,055	1,079,149
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	678,284	3,233,403	3,911,687
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH	97,580	23,150	120,730
93.917	HIV CARE FORMULA GRANTS	1,862,003	595,022	2,457,025
93.926	HEALTHY START INITIATIVE (NOTE 3)	226,176	-	226,176
93.938	COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	938	70,488	71,426
93.940	HIV PREVENTION ACTIVITIES-HEALTH DEPARTMENT BASED	849,478	851,541	1,701,019
93.944	HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE	286,474	-	286,474
93.946	COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS	145,942	-	145,942
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	520,170	1,901,305	2,421,475
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	504,960	8,298,867	8,803,827
93.965	COAL MINERS RESPIRATORY IMPAIRMENT TREATMENT CLINICS AND SERVICES	77,850	1,174,958	1,252,808

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
93.969	GERIATRIC EDUCATION CENTERS (NOTE 3)	9,077	-	9,077
93.977	PREVENTIVE HEALTH SERVICES-SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	766,781	-	766,781
93.988	COOPERATIVE AGREEMENTS FOR STATE-BASED DIABETES CONTROL PROGRAMS AND EVALUATION OF SURVEILLANCE SYSTEMS	329,613	609,890	939,503
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	232,220	449,287	681,507
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	2,317,773	1,231,470	3,549,243
NOTE 5R	AGING CLUSTER	369,076	8,911,594	9,280,670
NOTE 5S	IMMUNIZATION CLUSTER	1,070,842	869,061	1,939,903
NOTE 5T	TANF CLUSTER	114,767,145	8,674,263	123,441,408
NOTE 5U	CSBG CLUSTER	503,857	6,643,118	7,146,975
NOTE 5V	CCDF CLUSTER	21,356,946	9,811,084	31,168,030
NOTE 5W	HEAD START CLUSTER	2,152	108,108	110,260
NOTE 5X	MEDICAID CLUSTER	1,944,800,919	2,066,918	1,946,867,837
050805WV5002	WAIVED LABS	3,977	-	3,977
0805WV5002	CLINICAL LABORATORY IMPROVEMENT AMENDMENTS	114,498	-	114,498
20020507251	VITAL STATISTICS COOP PROGRAM	149,763	-	149,763
200540049P	FOOD INSPECTIONS	23,723	-	23,723
214-2008-M-24891	ENERGY RELEASE RATE	21,182	-	21,182
223024448	MAMMOGRAPHY QUALITY ACT	66,566	-	66,566
52200630047	NATIONAL DEATH INDEX	15,662	-	15,662
90YH0019	HEADSTART	3,547	-	3,547
93.293	NATIONAL CENTER FOR CHRONIC DISEASE PREV AND HEALTH PROMO-IMPROVING HEALTH AND EDUCATIONAL OUTCOMES OF YOUNG PEOPLE	628,398	51,001	679,399
AGR # 05IPA06901	LI INTERGOVERMNETAL PERSONNEL ACT	70,817	-	70,817
AGR # 08IPA06928	IPA DESTA	60,008	-	60,008
HHSF223200640090P/001	FEDERAL FOOD, DRUG AND COSMETIC ACT	1,343	-	1,343
HHSP23320074107EC	NATIONAL HEALTH INFORMATION NETWORK II (NHIN2)	1,858,277	-	1,858,277
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		**2,275,047,290**	**77,853,871**	**2,352,901,161**
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.002	RETIRED AND SENIOR VOLUNTEER PROGRAM	11,476	49,063	60,539
94.003	STATE COMMISSIONS	184,513	5,000	189,513
94.004	LEARN AND SERVE AMERICA-SCHOOL AND COMMUNITY BASED PROGRAMS	211,759	405,126	616,885
94.006	AMERICORPS	198,814	2,325,303	2,524,117
94.007	PLANNING AND PROGRAM DEVELOPMENT GRANTS	48,173	10,000	58,173
94.009	TRAINING AND TECHNICAL ASSISTANCE	87,440	10,520	97,960
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		**742,175**	**2,805,012**	**3,547,187**
SOCIAL SECURITY ADMINISTRATION				
96.008	SOCIAL SECURITY: WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM	6,503	245,243	251,746
55000660056	DEATH RECORDS	1,280	-	1,280
NOTE 5Y	DISABILITY INSURANCE/SSI CLUSTER	17,219,429	-	17,219,429

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING

For the Year Ending June 30, 2009

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITIURES
SS000860067	ENUMERATION AT BIRTH	25,721	-	25,721
TOTAL SOCIAL SECURITY ADMINISTRATION		**17,252,933**	**245,243**	**17,498,176**
DEPARTMENT OF HOMELAND SECURITY				
97.001	PILOT DEMONSTRATION OR EARMARKED PROJECTS	3,340	10,260	13,600
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	405,830	-	405,830
97.017	PRE-DISASTER MITIGATION (PDM) COMPETITIVE GRANTS	-	12,670	12,670
97.023	COMMUNITY ASSISTANCE PROGRAM-STATE SUPPORT SERVICES ELEMENT (CAP-SSSE)	36,213	-	36,213
97.029	FLOOD MITIGATION ASSISTANCE	233,594	304,498	538,092
97.032	CRISIS COUNSELING	3,320	-	3,320
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	4,580,350	2,373,693	6,954,043
97.041	NATIONAL DAM SAFETY PROGRAM	24,519	-	24,519
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	581,551	804,862	1,386,413
97.050	PRESIDENTIAL DECLARED DISASTER ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS OTHER NEEDS	632,368	-	632,368
97.068	COMPETITIVE TRAINING GRANTS	-	3,204,193	3,204,193
97.070	MAP MODERNIZATION MANAGEMENT SUPPORT	101,896	-	101,896
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	359,268	205,265	564,533
NOTE 5Z	HOMELAND SECURITY CLUSTER	5,192,451	5,736,691	10,929,142
3031036218	IMMIGRATION CUSTOMS ENFORCEMENT	492	-	492
TOTAL DEPARTMENT OF HOMELAND SECURITY		**12,155,192**	**12,652,132**	**24,807,324**
U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
AEG-A-00-05-00007-00	PROBLEM BASED LEARNING-BASED ANATOMY AT CATHOLIC UNIVERSITY OF MOZAMBIQUE	9,919	-	9,919
TOTAL U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT		**9,919**	**-**	**9,919**
MULTIPLE FEDERAL AGENCY CLUSTER				
NOTE 5I	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	447,466,704	8,311,399	455,778,103
NOTE 5AA	STUDENT FINANCIAL ASSISTANCE	486,450,031	-	486,450,031
NOTE 5AB	RESEARCH AND DEVELOPMENT CLUSTER	3,616,142	-	3,616,142
TOTAL MULTIPLE FEDERAL AGENCY CLUSTER		**937,532,877**	**8,311,399**	**945,844,276**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**4,349,734,313**	**524,072,837**	**4,873,807,150**

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) has been prepared on the cash basis of accounting except for the federal awards expended from the U.S. Department of Transportation, which are presented on the accrual basis. The federal awards are listed in the schedule under the federal agency supplying the award. The individual Catalog of Federal Domestic Assistance (CFDA) numbers are listed first, then clusters, then federal contract numbers, and then state assigned numbers. Federal contract numbers are used if the CFDA number is not available. Numbers were assigned to awards that had no identifying numbers as listed in Note 7.

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 Family Education Loans (CFDA number 84.032) and Federal Direct Student Loans (Direct Loan) (CFDA number 84.268) that are made directly to individual students.

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

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2. REPORTING ENTITY (Continued)

separate audit performed in accordance with OMB Circular A-133, and accordingly, a separate A-133 submission has been made (see Note 6).

The Schedule does not include federal funds received and expended by 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, 2009. The West Virginia Housing Development Fund and the West Virginia Educational Broadcasting Authority and Affiliates, which are discretely presented component units, elect to have their own single audit; therefore, their expenditures of federal awards are excluded from the State's schedule of expenditures of federal awards. These component units are required to submit their own single audit report to the federal audit clearinghouse.

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA number 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 mechanism used by USDA to make these funds available to states does not enable a state to validly disaggregate the regular and Recovery Act components of this figure. At the national aggregate level, however, Recovery Act funds account for approximately 15% of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2009.

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3. 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, to Fairmont State University for CFDA number 93.389, and the West Virginia School of Osteopathic Medicine for CFDA numbers 93.824, 93.969, and 93.988.

NOTE 4. UNEMPLOYMENT INSURANCE PROGRAM (UI) (CFDA NUMBER 17.225)

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

	Beginning Balance July 1, 2008	Receipts	Expenditures	Ending Balance June 30, 2009
State UI Funds	$ 938,790	$441,853,858	$442,091,562	$ 701,086
Federal UI Funds	1,169,042	14,453,376	14,826,007	796,411
Total	$2,107,832	$456,307,234	$456,917,569	$1,497,497

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. 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.

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(A) SNAP Cluster			
USDA	10.551	Supplemental Nutrition Assistance Program (SNAP)	$372,270,231
	10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	15,653,229
	10.561	ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	212,831
		Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program	15,866,060
		Total SNAP Cluster	$388,136,291
(B) Child Nutrition Cluster			
USDA	10.553	School Breakfast Program (SBP)	$18,775,332
	10.555	National School Lunch Program (NSLP)	52,646,522
	10.556	Special Milk Program for Children (SMP)	113,114
	10.559	Summer Food Service Program for Children (SFSPC)	2,095,801
		Total Child Nutrition Cluster	$73,630,769

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(C) Emergency Food Assistance Cluster			
USDA	10.568	Emergency Food Assistance Program (Administrative Costs)	$1,809,104
		Total Emergency Food Assistance Cluster	$1,809,104
(D) Schools and Roads Cluster			
USDA	10.665	Schools and Roads--Grants to States	$3,372,989
		Total Schools and Roads Cluster	$3,372,989
(E) CDBG - State-Administered Small Cities Program Cluster			
HUD	14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	$20,924,940
		Total CDBG - State-Administered Small Cities Program Cluster	$20,924,940
(F) Fish and Wildlife Cluster			
DOI	15.605	Sport Fish Restoration Program	$3,007,520
	15.611	Wildlife Restoration	3,342,306
		Total Fish and Wildlife Cluster	$6,349,826

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(G) Employment Services Cluster			
DOL	17.207	Employment Service	$5,779,240
	17.207	ARRA - Employment Service	7,381
		Total Employment Service	5,786,621
	17.801	Disabled Veterans' Outreach Program (DVOP)	260,374
	17.804	Local Veterans' Employment Representative Program	584,566
		Total Employment Services Cluster	$6,631,561
(H) WIA Cluster			
DOL	17.258	WIA Adult Program	$ 3,805,577
	17.258	ARRA - WIA Adult Program	189,734
		Total WIA Adult Program	3,995,311
	17.259	WIA Youth Activities	4,625,938
	17.259	ARRA - WIA Youth Activities	798,503
		Total WIA Youth Activities	5,424,441
	17.260	WIA Dislocated Workers	4,684,707
	17.260	ARRA - WIA Dislocated Workers	284,110
		Total WIA Dislocated Workers	4,968,817
		Total WIA Cluster	$14,388,569

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(I) Highway Planning and Construction Cluster			
DOT	20.205	Highway Planning and Construction	$375,458,925
	20.205	ARRA - Highway Planning and Construction	11,321,642
		Total Highway Planning and Construction	386,780,567
	20.219	Recreational Trails Program	1,220,673
ARC	23.003	Appalachian Development Highway System	67,776,863
		Total Highway Planning and Construction Cluster	$455,778,103
(J) Federal Transit Cluster			
DOT	20.500	Federal Transit Capital Investment Grants	$2,181,095
		Total Federal Transit Cluster	$2,181,095
(K) Transit Services Programs Cluster			
DOT	20.513	Capital Assistance Programs for Elderly Persons and Persons with Disabilities	$1,201,082
	20.516	Job Access Reverse Commute	202,407
	20.521	New Freedom Program	75,761
		Total Transit Services Program Cluster	$1,479,250

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(L) Highway Safety Cluster			
DOT	20.600	State and Community Highway Safety	$1,293,459
	20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	492,797
	20.604	Safety Incentive Grants for Use of Seatbelts	16,372
	20.609	Safety Belt Performance Grants	394,625
	20.610	State Traffic Safety Information System Improvement Grants	149,079
	20.611	Incentive Grant Program to Prohibit Racial Profiling	717,346
	20.612	Incentive Grant Program to Increase Motorcycle Safety	52,569
	20.613	Child Safety and Child Booster Seats Incentive Grants	165,853
		Total Highway Safety Cluster	$3,282,100
(M) Title 1, Part A Cluster			
ED	84.010	Title 1 Grants to Local Educational Agencies	$97,724,776
		Total Title 1, Part A Cluster	$97,724,776
(N) Special Education Cluster			
ED	84.027	Special Education - Grants to States (IDEA, Part B)	$75,900,390
	84.173	Special Education - Preschool Grants (IDEA Preschool)	3,472,129
		Total Special Education Cluster	$79,372,519

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(O) TRIO Cluster			
ED	84.042	TRIO - Student Support Services	$1,931,343
	84.044	TRIO - Talent Search	230,522
	84.047	TRIO - Upward Bound	1,930,116
	84.066	TRIO - Educational Opportunity Centers	321,927
	84.217	TRIO - McNair Post-Baccalaureate Achievement	469,949
		Total TRIO Cluster	$4,883,857
(P) Vocational Rehabilitation Cluster			
ED	84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	$20,849,572
		Total Vocational Rehabilitation Cluster	$20,849,572
(Q) Early Intervention Services (IDEA) Cluster			
ED	84.181	Special Education - Grants for Infants and Families	$1,308,731
		Total Early Intervention Services (IDEA) Cluster	$1,308,731
(R) Aging Cluster			
HHS	93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	$2,484,270
	93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	5,012,253
	93.053	Nutrition Services Incentive Program	1,444,147
	93.705	ARRA - Aging Home-Delivered Nutrition Services for States	164,613
	93.707	ARRA - Aging Congregate Nutrition Services for States	175,387
		Total Aging Cluster	$9,280,670

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(S) Immunization Cluster			
HHS	93.268	Immunization Grants	$1,939,903
		Total Immunization Cluster	$1,939,903
(T) TANF Cluster			
HHS	93.558	Temporary Assistance for Needy Families	$123,441,408
		Total TANF Cluster	$123,441,408
(U) CSBG Cluster			
HHS	93.569	Community Services Block Grant	$7,139,330
	93.710	ARRA - Community Services Block Grant	7,645
		Total CSBG Cluster	$7,146,975
(V) CCDF Cluster			
HHS	93.575	Child Care and Development Block Grant	$13,634,085
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	17,533,945
		Total CCDF Cluster	$31,168,030
(W) Head Start Cluster			
HHS	93.600	Head Start	$110,260
		Total Head Start Cluster	$110,260

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(X) Medicaid Cluster			
HHS	93.775	State Medicaid Fraud Control Units	$ 600,978
	93.777	State Survey and Certification of Health Care Providers and Suppliers	2,721,520
	93.778	Medical Assistance Program (Medicaid)	1,822,506,658
	93.778	ARRA - Medical Assistance Program (Medicaid)	121,038,681
		Total Medical Assistance Program	1,943,545,339
		Total Medicaid Cluster	$1,946,867,837
(Y) Disability Insurance/SSI Cluster			
SSA	96.001	Social Security - Disability Insurance	$17,219,429
		Total Disability Insurance/SSI Cluster	$17,219,429
(Z) Homeland Security Cluster			
DHS	97.004	2004 State Domestic Preparedness Equipment Support Program	$ 1,382
	97.067	Homeland Security Grant Program	10,927,760
		Total Homeland Security Cluster	$10,929,142

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(AA) Student Financial Assistance Cluster			
ED	84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)	$ 3,684,484
	84.032	Federal Family Education Loans	70,127,574
	84.033	Federal Work-Study Program (FWS)	4,613,047
	84.038	Federal Perkins Loan Program - Federal Capital Contributions (Perkins)	3,670,905
	84.063	Federal Pell Grant Program	85,761,012
	84.268	Federal Direct Student Loans (Direct Loan)	314,759,039
	84.375	Academic Competitiveness Grants	1,211,068
	84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	1,157,214
	84.379	Teacher Education Assistance for College and Higher Education Grants (Teach Grants)	20,000
		Subtotal Department of Education	485,004,343
HHS	93.342	Health Professions Student Loans (HPSL), Including Primary Care Loans/Loans for Disadvantaged Students	110,996
	93.364	Nursing Student Loans (NSL)	1,212,653
	93.925	Scholarships for the Health Professions Students from Disadvantaged Backgrounds	122,039
		Subtotal Department of Health and Human Services	1,445,688
		Total Student Financial Assistance Cluster (Expenditures Only)	**486,450,031**

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(AA) Student Financial Assistance Cluster (Continued)			
Loans outstanding, with continuing compliance requirements, are as follows:			
	84.038	Perkins	46,809,659
	93.342	HPSL	6,132,745
	93.364	NSL	529,553
		Total Loans Outstanding	53,471,957
		Total Student Financial Assistance Cluster	$539,921,988

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program	Federal Expenditures
(AB) Research and Development Cluster		
Department of Agriculture		
10.202	Cooperative Forestry Research	$1,399,101
10.203	Payments to Agricultural Experiment Station Under the Hatch Act	2,053,368
	Total Department of Agriculture	3,452,469
Department of Energy		
81.089	Fossil Energy Research and Development	163,673
	Total Department of Energy	163,673
	Total Research and Development Cluster	**$3,616,142**

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6. 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 December 3, 2009)	$102,671,334
Marshall University Research Corporation (Issued by Deloitte & Touche LLP dated October 5, 2009)	$ 27,746,476
West Virginia State Research Corporation (Issued by Deloitte & Touche LLP dated November 16, 2009)	$ 7,503,783
West Virginia Educational Broadcasting Authority and Affiliates (Issued by Balestra, Harr & Scherer, CPA's, Inc. September 15, 2009)	$ 640,455
West Virginia Housing Development Fund (Issued by Gibbons & Kawash dated August 25, 2009)	$ 56,153,946

NOTE 7. MISCELLANEOUS PROGRAMS

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

Reference Number	Program Name	State Agency	Federal Agency
WV-1	Purdue Pharma Settlement	Division of Criminal Justice and Division of Public Safety	Department of Justice
WV-2	Equitable Sharing Program	Division of Public Safety	Department of Justice
WV-3	Miscellaneous Federal Awards Program	Higher Education	Department of Justice
WV-4	Equitable Sharing Program	Division of Public Safety	Department of Treasury
WV-5	Miscellaneous Federal Award Programs	Department of Environmental Protection	Environmental Protection Agency
WV-6	Petroleum Violation Escrow Funds	Department of Energy and Higher Education	Department of Energy

STATE OF WEST VIRGINIA.
JUNE
20
1863
MONTANI SEMPER LIBERI.

FINDINGS, QUESTIONED COSTS, AND MANAGEMENT RESPONSES

Part I. Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued:	Unqualified, with reliance on other auditors			
Internal control over financial reporting:				
Material weaknesses identified?	X	Yes		No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards:

Internal control over major programs:				
Material weaknesses identified?	X	Yes		No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		No
Type of auditors' report issued on compliance for major programs:	Unqualified for all major programs except for the Title I Grants to Local Educational Agencies, Improving Teacher Quality State Grants, Special Education Cluster, Abandoned Mine Land Reclamation, Adoption Assistance, and Foster Care—Title IV-E which were qualified, and the Weatherization Assistance for Low-Income Persons which was adverse.			
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A–133 (Section .510(a))?	X	Yes		No

Identification of Major Programs

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
Audited by Ernst & Young:		
10.551/10.561 *	2009–12, 16, 43	SNAP Cluster
10.553/10.555/ 10.556/10.559	None	Child Nutrition Cluster
10.557	2009–17, 18	Special Supplemental Nutrition Program for Women, Infants and Children
10.558	None	Child and Adult Care Food Program
12.401	None	National Guard Military Operations and Maintenance (O&M) Projects
15.252	2009–19	Abandoned Mine Land Reclamation Program
17.225 *	2009-12	Unemployment Insurance
81.042 *	2009–12, 23, 24, 25, 26, 27, 28, 29, 30	Weatherization Assistance for Low-Income Persons
84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 83.375/83.376/ 84.379/93.342/ 93.364/93.925	2009–31, 32, 33, 34, 35, 36, 37, 38	Student Financial Assistance Cluster
84.010	2009–39	Title I Grants to Local Educational Agencies
84.027/84.173	2009–39	Special Education Cluster
84.126	None	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.367	2009–39	Improving Teacher Quality State Grants
93.558	2009–40, 41, 42, 43	TANF
93.563 *	2009–12, 44, 45, 46, 47	Child Support Enforcement
93.568	2009–43, 48, 49	Low-Income Home Energy Assistance (LIHEAP)
93.575/93.596	2009–43, 50, 51	CCDF Cluster
93.658 *	2009–12, 43, 52, 53	Foster Care—Title IV-E
93.659 *	2009–12, 43, 54, 55	Adoption Assistance
93.767	2009–43, 56	State Children's Health Insurance Program
93.775/93.777/ 93.778 *	2009–12, 43, 57, 58, 59	Medicaid Cluster
96.001/96.006	None	Disability Insurance/SSI Cluster
Audited by other auditors:		
20.205 */20.219/ 23.003	2009–12, 21, 22	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and B programs $ 14,621,422

Auditee qualified as low-risk auditee _____ Yes X No

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

Part II. Financial Statement Findings Section

Reference Number	Findings	Questioned Costs
2009–1	IT Process Controls Review	N/A
2009–2	Tax Revenue IT Controls and Related Receivables	N/A
2009–3	Capital Assets	N/A
2009–4	Purchasing Cards (p-Card)	Unknown
2009–5	Unclaimed Property Reconciliation	N/A
2009–6	Internal Controls Over Revenue Reporting	N/A
2009–7	Environmental Liabilities	N/A
2009–8	Accounts Payable Cutoff	N/A
2009–9	Financial Reporting	N/A

Part III. Federal Award Findings and Questioned Costs Section

Reference Number	Findings	Questioned Costs
2009–10	Uncashed Stale-Dated Outside Bank Account Checks	N/A
2009–11	Schedule of Expenditures of Federal Awards	N/A
2009–12	Reporting – Segregation of ARRA Funds	N/A
2009–13	Allowable Costs	$1,025,287
2009–14	Potential Misappropriation of Federal Funds	$45,483 for SHP; $15,023 for HPRP
2009–15	Payroll Certifications	$124,276
2009–16	Quality Control Error Rate	Unknown
2009–17	Federal Reporting	N/A
2009–18	Food Instruments	N/A
2009–19	Subrecipient Monitoring – Audit Reports	Unknown
2009–20	Activities Allowed or Unallowed	$11,634
2009–21	Information Systems Controls	N/A
2009–22	Payroll Authorization Procedures	N/A
2009–23	Schedule of Expenditures of Federal Awards	N/A
2009–24	Indirect Cost Allocation	$506,050
2009–25	Inventory Process and Procedures	Unknown
2009–26	Earmarking Requirements	$77,755
2009–27	Financial Reporting	N/A
2009–28	Subrecipient Monitoring	Unknown
2009–29	Monitoring of Suspended Subrecipient	$907,352
2009–30	Unallowable Consultant Costs	$70,336
2009–31	Pell Reporting	N/A
2009–32	Schedule of Expenditures of Federal Awards	N/A
2009–33	Student Status Changes	N/A
2009–34	Fiscal Operations Report and Application to Participate	N/A
2009–35	Special Tests and Provisions – Loan Repayments and Student Deferments	N/A
2009–36	Special Tests and Provisions – Verification	N/A
2009–37	Student Status Changes	N/A
2009–38	Fiscal Operations Report and Application to Participate	N/A
2009–39	Subrecipient Cash Management	Unknown
2009–40	Eligibility	Unknown
2009–41	Eligibility and Supporting Documents	$340
2009–42	Federal Reporting	N/A
2009–43	DHHR Information System and Related Business Process Controls	N/A
2009–44	Payroll Authorization Procedures	Unknown
2009–45	Data Reliability Report	N/A
2009–46	Interstate Case	Unknown
2009–47	Medical Support Enforcement	Unknown
2009–48	Allowability and Eligibility	Unknown
2009–49	Subrecipient Monitoring	Unknown
2009–50	Disaster Recovery Plan	N/A

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

Reference Number	Findings	Questioned Costs
2009–51	Subrecipient Cash Management	Unknown
2009–52	Eligibility Requirements	$2,121
2009–53	Allowability and Eligibility	Unknown
2009–54	Eligibility Documentation	$3,000
2009–55	Eligibility Documentation	$5,335
2009–56	Eligibility	$203.53
2009–57	Allowable Costs	Unknown
2009–58	Provider Eligibility Documentation	$7,800
2009–59	Allowability and Eligibility	N/A

2009–1 IT PROCESS CONTROLS REVIEW
(Prior Year Finding 2008–2)

State Agency
Various

Criteria: Management of the State is responsible for establishing and maintaining adequate controls over changes to and processes to maintain its information systems, including the West Virginia Financial Information Management System (WVFIMS) and EPICS applications. The State processes payroll and cash disbursements for all of the State agencies on the EPICS payroll system and WVFIMS application, respectively. The Office of the State Auditor (OSA) administers EPICS and a separate instance of FIMS, while the Department of Administration (DOA) and the Office of Technology administers the WVFIMS application and supporting infrastructure.

Condition: Based on our procedures performed, the following control weaknesses were identified with respect to the WVFIMS, FIMS, and EPICS applications:

- Access to approve WVFIMS changes for migration to production is limited to those individuals with approval privileges within the CLIST utility. However, users outside of the immediate WVFIMS application support team with approval access to the CLIST can approve migrations to WVFIMS without knowing whether the change is appropriate or not.

- Related to FIMS application sensitive access, we noted through discussion with the IT Manager that administrator access is controlled through the knowledge of a command that is entered at a Mainframe A16 screen. The "A16" command is actually the execution of a FIMS access assignment program that grants users access. This program is known as LINC SECURITY. Knowledge of this command (since LINC SECURITY program is not secured) and FIMS access allows the user to have "super user" access within the FIMS application. Management indicated that some of the IT and programming personnel are the only individuals with the knowledge of this command. This combination of responsibilities, related to the programming staff, represents a segregation of duties issue. Administrator access at the application level does not appear to be appropriately restricted for the FIMS application.

Context: WVFIMS change management controls/processes and improper segregation of duties regarding user access rights and functional responsibilities (for the SAO instance) could potentially affect the cash disbursement processing for all State agencies and the State transaction approval process.

Effect: Without the proper segregation of specific WVFIMS approvers within the CLIST, changes to the application could be approved by another user outside of WVFIMS support not authorized to approve changes to the application.

Without proper segregation of duties regarding user access rights and functional responsibilities, an individual has the ability to circumvent application access approval controls/processes. Consequently, there is an increased risk that unauthorized application access will be implemented and go undetected.

2009–1 IT PROCESS CONTROLS REVIEW
(Prior Year Finding 2008–2) (continued)

State Agency
Various

Recommendation: Management should limit the functional responsibilities assigned to different users with the ability to approve WVFIMS application changes in the CLIST. Access to approve WVFIMS migrations within the CLIST for production migration should be restricted to appropriate members of the DOA WVFIMS support team.

Management should work with the application vendor to determine if there is a way to either change this well-known command to provide "superuser" access or if there is another way that "superuser" access can be assigned. The feasibility of disabling or otherwise preventing the "A16" command from general use should be further investigated.

Views of Responsible Officials and Planned Corrective Actions: DOA has designed a new migration process that would have enhanced security based on project responsibilities. In the past year, coding has begun of the larger project of which the program migration is a part. We continue to use the procedure of not entering programs for migration to production until the project management has agreed that the program is ready to be moved. Additionally, due to realignment of programmer/analyst resources, of the five people authorized to approve migrations within the CLIST, only one does not report to the OT WVFIMS Project Manager. Until completion of the coding and implementation of the new migration process, we will continue to maintain manual controls on what programs are entered for migration.

LINC SECURITY grants FIMS application level access. We have addressed this issue by blocking developer access to the FIMS application at the operating system level. Developers no longer have rights to access the "MCP WINDOW' into the application. Therefore, even if they could grant themselves FIMS application level access through LINC SECURITY, they are unable to get to the application to utilize that access. The ability to access the LINC SECURITY program is not restricted, via user code, to the roles of FIMS access manager and the Directors of IT Operations and Application Development. MCP WINDOW is the secure portal through the operating system to the FIMS application. It is independent of the FIMS application. Remediation of the finding was completed in August 2009.

2009–2 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES
(Prior Year Finding 2008–1)

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

Criteria: The Department of Revenue and FARS are responsible for establishing and maintaining adequate controls over the recording and collection of tax revenues and related receivables, including its information systems controls and processes.

Condition: As of June 30, 2009, the Department of Revenue has implemented a new tax system (GenTax) for almost every tax type. During our procedures, we noted the following deficiencies:

- With the system conversion, the Department of Revenue can generate historical trend data; however, the data is not developed to the point that data can be relied upon to calculate taxes receivable. As a result, FARS continues to utilize subsequent receipt information to estimate taxes receivable. There are no formal policies and procedures for estimating uncollectible receivables and the allowance for doubtful accounts.

- The password settings configured for the local production servers that support the RTS (IFPFS1) and (IFPDB1) and GenTax (GTXDBPV1) applications are not configured to 1) force a minimum password length, 2) force password expirations after a set number of days, 3) lock out user accounts after a defined number of invalid login attempts, and 4) prevent users from reusing their previously used passwords.

- During our testing of 2009 revenues including taxes receivable as of June 30, 2009, we noted that there are no policies and procedures in place to reconcile cash receipts reported in GenTax to the West Virginia Financial Information System (WVFIMS).

- To estimate taxes receivable as of June 30, 2009, the Department of Revenue provided detail reports from GenTax to FARS. During our testing, we noted various data capture errors in the initial reports that required the reports to be refined to capture the appropriate data to estimate the receivable. In addition, FARS estimated tax receivables as of June 30, 2009, based on subsequent cash receipts and had not considered estimating an allowance for refunds. An adjustment to increase the allowance by $20.1 million was recorded.

- During our tax refund payable testing, we concluded the liability for personal and corporate income taxes as well as consumer sales and use taxes was not properly estimated. Thus, an adjustment to increase the payable by $14.0 million was proposed.

- The State Code mandates the transfer of other funds specific tax receipts collected by the Department of Revenue and recorded in the general fund to. The general fund and other funds opined upon by other auditors are inconsistent in the financial presentation of such transfers resulting in reconciling items.

2009–2 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES (Prior Year Finding 2008–1) (continued)

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

Questioned Costs: N/A

Context: The total tax revenue for the year ended June 30, 2009, is approximately $4,629 million. Taxes receivable and tax refunds payable approximated $396.0 million and $227.2 million, respectively, at June 30, 2009.

Cause: Management indicated that the deficiencies noted above are due to the following reasons:

- Lack of formal IT policies is due to the number of individuals necessary to support the application and the involvement necessary of all staff due to the size of the IT department.
- This was the first year that the majority of the tax types were processed in the GenTax system. Management is in the process of finalizing policies and procedures relating to the new system and fully leveraging the system's capabilities.
- The revenue and transfer reporting process is fairly complex due to the multiple agencies and accounting requirements at the fund and government-wide reporting levels.

Effect: The Conditions outlined above could cause tax revenue and the related receivables and refunds payable from to not be properly recorded in the financial statements and provide the opportunity for errors and irregularities.

Deficient password settings at the operating system layer could lead to unauthorized access and manipulation of sensitive and/or confidential production data.

Recommendation: We recommend that FARS and the Department of Revenue work together to finalize the tax receivable and refund reporting process. In addition, data analysis should be performed so that historical trends can be developed. This will enable management to estimate taxes receivable, the allowance for uncollectible taxes receivable, and tax refunds as of the fiscal year-end so that the information for the financial statements can be provided to the FARS in a timely manner.

In conjunction with the Department of Revenue's ongoing implementation of a new system, we recommend a comprehensive review of the overall process for assessing, tracking, recording, and collecting taxes throughout the various taxpayer phases. Such a comprehensive review should include items such as:

- A formal process should be developed for recording the receivables, estimating the related allowance for uncollectible accounts, and writing off bad debts. In developing the methodology, consideration should be given to compiling reliable historical collection information to utilize in establishing appropriate reserve percentages by aging category and tax type.

2009–2 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES
(Prior Year Finding 2008–1) (continued)

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

- Management should enhance its preventive controls over the data capture process to significantly reduce data input error rate.
- Management should establish formal policies and procedures to perform the reconciliation between GenTax and WVFIMS at least monthly in order to resolve unreconciled differences in a timely manner. When developing the reconciliation process, the Department of Revenue should consider segregation of duties and review and approval policies and procedures.
- FARS should proactively work with different agencies to determine which type of taxes are levied for that agency and directly reported on the agency's fund statements.

Management should enhance network and operating system level security by configuring the following password policy changes, which are considered leading industry practice:

- User passwords should be a minimum of six to eight characters.
- User passwords should expire every 60 to 90 days.
- User accounts should be disabled after three to five unsuccessful logon attempts.
- Users should be restricted from reusing their three to five previously used passwords.

Views of Responsible Officials and Planned Corrective Actions:

The State Tax Department (WVTAX), within the Department of Revenue, has worked continuously over the last four years to implement a new integrated tax system, called GenTax®, and establish procedures that will allow WVTAX to support the data needs of the Financial Accounting and Reporting Section (FARS). WVTAX has conducted a comprehensive review of all outstanding tax liabilities to ensure their accuracy. As of February 2010, all business and income taxes administered by WVTAX have been converted to the new GenTax system. WVTAX will continue to work with FARS to establish improved methodologies, formal policies and procedures for estimating uncollectible receivables, an allowance for doubtful accounts, and the reporting process for tax receivables and refunds. Prior to implementation of GenTax, the Department of Revenue, because of its antiquated tax system, did not have reliable historical trend data which would allow for an accurate estimate of receivables, related allowance for uncollectible accounts and writing off bad debts. As noted in the report, following system conversion, the Department of Revenue can now generate historical trend data. We would note, however, that in order to rely on this historical trend data, the Department of Revenue will need three years or more of historical data on which to rely. For taxes that were converted in 2007, we are essentially able to rely on the historical data for those tax types, including sales and use tax and withholding tax. It may take some more time to develop this historical data for other tax types, including business franchise tax and corporate net income tax, which became fully integrated in 2008, and personal income tax, which also became fully integrated in 2008. As this historical data becomes more complete, our ability to forecast and estimate receivables, allowance for uncollectible accounts and bad debt write offs will increasingly approve.

2009–2 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES
(Prior Year Finding 2008–1) (continued)

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

Now that the implementation of the new integrated tax system is complete, policies and procedures to reconcile cash receipts reported in GenTax to the West Virginia Financial Information System (WVFIMS) will be established so that a GenTax to WVFIMS reconciliation can be performed on a monthly basis.

While testing WVTAX's receivables, the auditors noted a particular data capture error in the initial reports that required the reports to be refined to capture the appropriate data to estimate the receivable. Management takes the accuracy of the data captured from tax returns very seriously. We strive to make this information as accurate as possible. Preventive controls have been put in place to rectify the situation causing the error commented on by the auditors. Our remittance processing/data capture vendor will have a code fix installed by early summer 2010 to prevent this error from occurring.

Effective October 6, 2009 the Information Technology staff of WVTAX has configured the password settings on each of the operating system servers (GTXDBP2, IFPFS1, and IFPDB2) to enforce the recommended settings.

FARS will research the proper way to report each tax type and will work with Tax to determine the most accurate tax receivables and allowances and taxes payable. FARS will also meet with the agencies and their audit firms that receive taxes in order to ensure consistency in reporting taxes and tax receivables.

2009–3 CAPITAL ASSETS
(Prior Year Finding 2008–7)

State Agency
Various

Criteria: As stated in the Capital Asset Policies Manual, "Agencies are required to complete an annual Inventory Certification Cover Sheet and submit to the Purchasing Division by July 15th of every year." This control procedure is designed to ensure the existence of assets purchased and the accuracy of the State's capital assets that are reported in the Comprehensive Annual Financial Report (the 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 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 policy and procedures.

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

- In our sample test of 25, 12 capital asset certification letters were not received in a timely manner and 2 certification letters were not received as of our testing date.
- During our testing, we identified several items that were improperly excluded from the capital asset inventory and capital assets remained on the inventory after disposition.
- In our capital asset addition testing, we noted some capital asset additions were not properly valued in the fixed asset system and some capital asset additions recorded in 2009 related to prior year.

Context: Capital assets recorded in governmental activities of the primary government were $8.4 billion at June 30, 2009.

Cause: Management indicated that capital asset guideline noncompliance was due to staffing limitations and lack of training and knowledge related to compliance requirements.

2009–3 CAPITAL ASSETS
(Prior Year Finding 2008–7) (continued)

State Agency
Various

Effect: The deficiencies noted in the controls over capital assets could result in capital assets not being recorded and correctly reported in the financial statements consistent with management's assertions. Additionally, deficient controls could result in increased risk of theft, especially for portable electronic items (i.e., computers, cameras).

Recommendation: In order to safeguard assets from unauthorized use or disposition and enhance the reliability of the capital asset amounts reflected 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 guidelines as well as focused training in deficient areas should be considered to enhance compliance. Further, consideration should be given to adding more controls to maintain accountability for items more susceptible to theft, like computer equipment.

Views of Responsible Officials and Planned Corrective Actions: Capital asset policies and procedures are included in GAAP training every spring. An additional class is under consideration for the State Auditor's Office annual training. The Purchasing Division has implemented additional procedures to ensure that agencies are complying with asset certification regulations.

2009–4 PURCHASING CARDS (P-CARD)

State Agency
Department of Natural Resources (DNR)

Criteria: Controls over purchasing cards (p-Cards) should be suitably designed and operating effectively to ensure that disbursements are for appropriate business purposes and are properly reviewed and approved. In addition, current policies surrounding purchasing cards should be adhered to by all State agencies.

As stated in the Purchasing Card Policies & Procedures Manual, "Cardholders shall complete three hours of training biennially. One hour of training every two years shall relate to ethics." This control procedure is designed to ensure compliance with the purchasing card procedures and deter purchases unassociated with business purposes.

Condition: During our testing of p-Card transactions, we selected four DNR transactions. In three of the four transactions, the p-Card holders approved their own purchases. On the fourth transaction, DNR was unable to provide supporting documentation of the approver's authority to approve such transactions.

Questioned Costs: Unknown

Context: Total DNR purchasing card expenditures were approximately $7.6 million for the year ended June 30, 2009. In our sample testing, the three p-Card purchases approved by the individual making the purchase totaled $927.04, and the total p-Card transactions for these individuals was $77,800 for the year ended June 30, 2009.

Cause: The controls, including oversight controls, over the p-Card process at DNR are not adequately designed and/or being followed.

Effect: The deficiencies noted in controls over purchasing cards could result in the agency being susceptible to unauthorized purchases.

Recommendation: We recommend that proper policies and procedures, including authorization policies, within DNR should be established and implemented to adhere to the State purchasing card policies. The State Auditor's Office Purchasing Card Division should consider reminding agencies of the State guidelines during the biennial training.

Views of Responsible Officials and Planned Corrective Actions: We recognize that p-Card purchases require approval signatures and that the purchaser should not approve their own purchases. In the future, we will comply with the State Purchasing manual by having supervisory personnel, whose direct supervisor is stationed outside that area and has no direct knowledge of the purchase, have their purchases reviewed and approved by a knowledgeable employee at their facility, within their region, or at their district office.

2009–5 UNCLAIMED PROPERTY RECONCILIATION
(Prior Year Finding 2008–28)

State Agency
West Virginia State Treasurer's Office

Criteria: Under the Uniform Unclaimed Property Act (Chapter 36, Article 8 of the State Code), the West Virginia State Treasurer's Office (the STO) is responsible for maintaining the underlying records of the Unclaimed Property Trust Fund, including accounting for the activity of receipts and disbursements.

Condition: The STO maintains a database of unclaimed property; and in 2009, this database was converted to a new system. The activity in this database is not reconciled to the West Virginia Financial Information Management System (WVFIMS). For fiscal year 2009, the STO reported a net decrease in unclaimed property of $6.0 million while WVFIMS reported a net decrease of $3.2 million. The STO noted that the difference was due to duplicate records being included in the previously used unclaimed property system; however, STO could not provide a detail of the reconciling items.

Questioned Costs: N/A

Context: The unclaimed property balance is approximately $146.8 million at June 30, 2009.

Cause: The STO does not reconcile the activity in the unclaimed property database to WVFIMS in a timely manner.

Effect: The lack of control over the reconciliation process could result in a misappropriation of unclaimed property.

Recommendation: The STO should develop policies and procedures to reconcile the activity in unclaimed property on a monthly basis to WVFIMS. When finalizing the reconciliation process, the STO should consider segregation of duties and review and approval policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: The State Treasurer's Office finalized and implemented policies and procedures in February 2010 for the reconciliation of activity in unclaimed property on a monthly basis to WVFIMS. This process is handled by the appropriate managers and the reports are reviewed and approved within six days after each month-end.

2009–6 INTERNAL CONTROLS OVER REVENUE REPORTING

State Agency
Secretary of State's Office

Criteria: Adequate controls over revenue recognition should ensure that revenues are recorded in the correct account, for the correct amount, and in the correct period. The State, including the Secretary of State's Office (the Office), uses the West Virginia Financial Information Management System (WVFIMS) to record cash receipts throughout the fiscal year. The revenue structure in WVFIMS categorizes both revenue classes and revenue sources. Revenue class identifies the overall type of revenue (General, Federal and Special), and the revenue source identifies the specific type of revenue (sales, registration fees, etc.).

Condition: During our revenue detail testing, we selected two revenue transactions processed by the Office. The Office was unable to provide supporting documentation of the revenue classification in WVFIMS and concluded that the classification was incorrect on the items selected.

Questioned Costs: N/A

Context: The two revenue transactions selected in our revenue detail testing and processed by the Office totaled $624.60. The Office received total cash receipts of $6 million for the year ended June 30, 2009.

Cause: The misclassification occurred due to lack of proper training of the Secretary of State Office's personnel responsible for recording cash receipts and revenues in WVFIMS.

Effect: Misclassification of revenue could result in a misstatement in the State's comprehensive annual financial report.

Recommendation: We recommend that the Office develop policies and procedures to appropriately record cash receipts and revenues in WVFIMS.

Views of Responsible Officials and Planned Corrective Actions: In review of the transactions questioned, it was discovered that revenue transactions were not being properly allocated to the appropriate funds/accounts. Retooling and testing of the receipts program has occurred (including all accounts being properly listed on reports), and transactions are now being properly allocated. Additionally, procedures have been added to manually verify the allocations by staff. Training for these staff members has been conducted. Instructions and procedures have also been implemented to ensure that all checks are being deposited on the day they are included in the FIMS daily reports.

2009–7 ENVIRONMENTAL LIABILITIES
(Prior Year Finding 2008-08)

State Agency
Department of Environmental Protection

Criteria: The Department of Environmental Protection (DEP) maintains several environmental protection programs including a landfill closure assistance program (LCAP) and a special reclamation program. Under such programs, the State charges various fees, premiums and other assessments, and sets bonding amounts that operators are required to maintain to ensure that funds are available in the event that the operator is unable to fulfill its environmental protection responsibilities.

Management is required to update related environmental liabilities for current year changes in underlying data and assumptions including costs. Furthermore, the State adopted Governmental Accounting Standards Board (GASB) No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB No. 49), on July 1, 2008. Specifically, GASB No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), requires that estimated current costs of closure and postclosure care be used in estimating the LCAP obligation. GASB 49 established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Condition: For the closure care costs portion of the LCAP liability, management did not include the projects under contract in the estimated liability. The revisions resulted in an adjustment to increase the liability by $3.65 million.

Management records an obligation for the special reclamation program which enables compliance with a federal mandate that allows the State to operate an alternative bonding program to ensure that mining sites are reclaimed in accordance with federal and State regulations. During our review of the estimated ongoing water cost component as of July 1, 2008 and June 30, 2009, we noted that management had inadvertently omitted the estimate of ongoing water treatment on sites that are reclaimed. The revision to the estimate resulted in an audit adjustment to increase the liability by $73.8 million. In addition, during our special reclamation database testing, when the bond is forfeited and the permit is revoked, the site should be included in the special reclamation database and subject to the overall liability estimation as an obligating event under GASB 49 has occurred. However, we identified several sites that were revoked prior to July 1, 2008 and June 30, 2009, and were not included in the database, which could potentially understate the liability. We also noted there was a mathematical error in management's calculation, which caused the liability to be understated by $1 million.

Questioned Costs: N/A

Context: As of June 30, 2009, the liabilities recorded in the government-wide financial statements related to LCAP and special reclamation environmental liabilities approximated $236.3 million.

Cause: Management indicated that sufficient program resources have not been dedicated to updating information or challenging assumptions in a timely manner.

2009–7 ENVIRONMENTAL LIABILITIES
(Prior Year Finding 2008-08) (continued)

State Agency
Department of Environmental Protection

Effect: The amounts recorded by management may not reflect the best estimate of the environmental liabilities in accordance with generally accepted accounting principles.

Recommendation: We recommend that management develop policies and procedures related to environmental liabilities so that the estimates are based on the latest available underlying data and assumptions. Management should maintain documentation supporting the data and assumptions utilized in the estimation process.

Views of Responsible Officials and Planned Corrective Actions: During the course of the audit, the conditions described above were subsequently corrected by management. Management will devote the necessary resources to analyzing underlying data and assumptions based on latest available information. Management will maintain documentation supporting the data and assumptions utilized in the estimation process. This process will include an adequate review and approval process that is formally documented and is performed by a person knowledgeable of generally accepted accounting principles.

2009–8 ACCOUNTS PAYABLE CUTOFF

State Agency
Various Agencies

Criteria: In accordance with accounting principles generally accepted in the United States of America, accounts payable reported in the financial statements should include all expenditures incurred and unpaid by the government as of the balance sheet date.

Condition: During our testing of cash disbursements subsequent to June 30, 2009, we noted that several items that were incurred but not paid as of June 30, 2009, were not included in the accounts payable balances at year-end. In total, accounts payable was understated by $7 million.

Questioned Costs: N/A

Context: The total amount of accounts payable balances for the governmental activities of the primary government was $224.3 million at June 30, 2009.

Cause: When the invoices were paid, individual agencies did not report the proper goods/service received date in the West Virginia Financial Information Management System (WVFIMS). When the Financial Accounting and Reporting Section (FARS) extracted accounts payable data from WVFIMS based on the goods/service received date, a significant amount of accounts payable was not included in FARS' data.

Effect: Several audit adjustments had to be made to include additional significant expenditures and associated liabilities incurred by the State as of June 30, 2009.

Recommendation: Proper training should be provided to all agencies to emphasize the importance of the accuracy of information being entered in WVFIMS. In addition, management should establish proper procedures to ensure all significant expenditures that have been incurred but not paid as of the balance sheet date are recorded as a liability in accordance with accounting principles generally accepted in the United States.

Views of Responsible Officials and Planned Corrective Actions: WVFIMS Administrative Policy Statement number 36 covers receipt of goods and other invoice detail required in WVFIMS. This policy and the related issues will be specifically covered in FARS year end training with agency personnel. A notice will be added to the WVFIMS morning message board, periodically and especially at year end, reminding all users to adhere to Policy Statement 36. A new class conducted by FARS is being discussed for the Auditor's Office training seminar.

2009–9 FINANCIAL REPORTING
(Prior Year Finding 2008–29)

State Agency
Department of Administration and Other Audited Agencies

Criteria: The Department of Administration, including the Financial Accounting and Reporting Section (FARS), is responsible for the preparation of the State's Comprehensive Annual Financial Report (CAFR) including preparation of the combining schedules from the information provided by both audited and unaudited agencies. As part of the preparation of the CAFR, FARS is required to evaluate the fund classification and financial reporting following the guidelines outlined in Governmental Accounting Standards Board (GASB) 14 and other professional literature.

According to GASB 34 paragraph 73, "Agency funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments."

According to §12-5-1 of the West Virginia Code, "The term "securities" when used in this article shall include all bonds, securities…cash received by any state spending unit intended to serve as security for a legal obligation, whether pursuant to court order or otherwise."

According to §12-5-2a of the West Virginia Code, "The Treasurer of this state,… shall be custodian of all securities required by law to be deposited with the state or held in legal custody by the state… to be kept and held by him as legal custodian thereof until released in the manner provided by law…"

And according to §12-5-5b of the West Virginia Code, The "Treasurer's Safekeeping Fund" is established in the state treasury. The treasurer shall deposit moneys received pursuant to this article in the Treasurer's Safekeeping Fund. The treasurer is authorized to invest the money in accordance with this code and the restrictions placed on the money, with earnings accruing to the moneys in the fund. The treasurer shall prescribe the forms and procedures for processing the moneys.

Condition: The State Treasurer's Safekeeping Fund 1346 was included as part of the general fund in the past. In the current year as noted in the legislative auditor's report dated May 15, 2009, the Department of Environmental Protection (DEP) did not deposit cash performance bonds into the State Treasurer's Safekeeping Fund as required by the State code. Subsequently, all cash performance bonds were physically transferred to the State Treasurer's Safekeeping Fund; however, the exception reported by the legislative auditors triggered FARS to review the composition and purpose of this fund. The State Treasurer's Safekeeping Fund is being used as a safeguard for performance bonds of the DEP (formerly in another fund), bonds of the Division of Labor and the Division of Highways, as well as, custodian of malpractice insurance escrow accounts for Marshall University and West Virginia University. Those agencies named above are responsible for investing performance bonds and insurance escrow funds on behalf of companies and organizations outside of the State. The State Treasurer's Safekeeping Fund met the criteria of being an agency fund.

2009–9 FINANCIAL REPORTING
(Prior Year Finding 2008–29) (continued)

State Agency
Department of Administration and Other Audited Agencies

In the Tobacco Settlement Financial Authority's (TSFA) financial statements separately reported upon by other independent auditors on November 17, 2009, the TSFA decreased its beginning fund balance, in the fund statements and its beginning net assets, in the government-wide financial statements, as of July 1, 2008, to reflect the correction of an error in the prior year amortization of the deferred change calculation related to the State's sale to the TSFA of the TSR. FARS evaluated the impact of the restatement on the general fund and the beginning balance of the general fund's net assets was restated.

Questioned Costs: N/A

Context: The fund balance/net assets amount of $6,268,000 was removed from the general fund and governmental activities, respectively, and increased the assets and related liabilities in the agency funds by the same amount.

The restatement of TSFA fund balance resulted in an increase of $19.7 million in the beginning general fund's net assets.

Cause: Resources were not dedicated to evaluating the fund classifications on an annual basis.

Management miscalculated the amortization of the deferred charge related to the State's sale of future tobacco settlement revenue.

Effect: The State restated the prior year general fund balance and net assets of governmental activities reported at the government-wide level.

Recommendation: We would recommend management challenge fund classifications on an annual basis and develop formal policies and procedures to document management's classification.

Management should provide sufficient training to staff responsible for the TSFA calculation due to complex accounting reporting requirements.

Views of Responsible Officials and Planned Corrective Actions: The fund classifications will be challenged on an annual basis. Policies and procedures are in place for documentation. Staff has been trained for the TSFA calculations.

2009–10 UNCASHED STALE-DATED OUTSIDE BANK ACCOUNT CHECKS
(Prior Year Finding 2008–30)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Overall State - Various Programs	Undeterminable

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." Further, OMB Circular A–87 states for costs to be allowable under Federal awards, they must be net of all applicable credits. Additionally, 45 CFR 201.67 and 42 CFR 433.40 indicate that disbursements that are not cashed within 180 days must be credited to the Assistance and Medicaid Programs.

Condition: State departments and agencies that have bank accounts outside the Treasurer's Office do not have procedures in place to identify and resolve uncashed federally funded checks on such accounts. The State of West Virginia has not had procedures in place in the past to identify and resolve uncashed stale-dated checks issued through bank accounts outside the Treasurer's Office. Effective April 1, 2010, the Treasurer's Office implemented revised procedures which management believes should address the issue and allow for adequate monitoring of uncashed stale-dated checks.

Questioned Costs: N/A

Context: Currently, the amount of federally funded uncashed stale-dated checks issued on outside bank accounts is unknown. State Treasurer's Office performed some analysis subsequent to year-end and believes the amount to be immaterial in relation to any affected federal program's expenditures for the year.

Cause: The State of West Virginia has not had a uniform policy and procedure in place requiring State departments and agencies to identify and return the federal portion of the uncashed stale-dated checks for bank accounts outside the Treasurer's Office.

Effect: Federal programs may not be receiving credit for the federal share of uncashed stale-dated checks issued on outside bank accounts.

Recommendation: State departments and agencies should implement policies and procedures as they relate to uncashed stale-dated checks relative to federal awards through outside bank accounts.

Views of Responsible Officials and Planned Corrective Actions: The WV State Treasurer's Office feels that with the updated procedures and agency training, this will not be an issue again next year.

2009–11 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Prior Year Finding 2008–31)

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

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

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

Condition: The 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. In addition, expenditures of State monies were erroneously reported on the draft SEFA for a federal program which artificially increased total expenditures for that federal program and caused that federal program to be initially considered a high-risk Type A program that had to be audited as a major program. Ultimately, the error was detected and the program was considered a Type B program that did not have to be audited as a major program because we had already identified a sufficient number of Type B high-risk programs that were audited as a major program in accordance with the risk-based approach to select major programs under OMB Circular A–133.

Additionally, another federal program erroneously reported transfers between State agencies as federal expenditures on a draft SEFA which artificially increased federal expenditures for that federal program and caused that federal program to be initially considered a Type A high-risk program that had to be audited as a major program. Ultimately, that error was also detected and the program was considered a Type B program that did not have to be audited as a major program because we had already identified a sufficient number of Type B high-risk programs that were audited as major programs in accordance with the risk based approach to select major programs under OMB Circular A-133. Late revisions to the SEFA could result in a program going below 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 to the SEFA resulted 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. When the auditor has already audited Type B high-risk programs equal to the number of Type A low-risk programs and a Type A program preliminarily audited as a major program becomes a Type B program in such a fashion, this results in a situation where the auditor incurred time and effort beginning to audit a program as major that they are not required to and ultimately should not audit under OMB Circular A–133.

Federal expenditures initially reported on the draft SEFA for a federal cluster double counted expenditures incurred under the American Recovery and Reinvestment Act (ARRA) for three component CFDA numbers. This resulted in a decrease of approximately $1.5 million to the federal cluster that resulted in this cluster changing from a Type A

2009–11 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Prior Year Finding 2008–31) (continued)

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

program that had been preliminarily audited as a major program to a Type B program that was not audited as a major program because the auditor had already audited a high-risk Type B program with ARRA expenditures as a major program to replace the sole low risk Type A program the State had that was not audited as a major program.

Questioned Costs: N/A

Context: Total federal expenditures for the State included on the SEFA were approximately $4.9 billion for the fiscal year ended June 30, 2009.

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.

Effect: Late-minute revisions are made to the SEFA that could result in a Type A major program not being identified and audited as a major program in time to meet the March 31 submission deadline. Late revisions can also result in effort expended beginning to audit 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.

Views of Responsible Officials and Planned Corrective Actions: FARS continues to work with the Governor's Office, as well as State agencies, to give top priority to complete and accurate SEFA reporting. Additional procedures are being discussed at the FARS level to ensure accuracy and timeliness.

2009–12 REPORTING – SEGREGATION OF ARRA FUNDS

Federal Program Information:

Federal Agency and Program Name	CFDA#
Department of Agriculture	
SNAP Cluster	10.551/10.561
Department of Labor	
Unemployment Insurance (UI)	17.225
Department of Transportation	
Highway Planning and Construction Cluster	20.205/20.219/ 23.003
Department of Energy	
Weatherization Assistance for Low-Income Persons (WAP)	81.042
Department of Health and Human Services	
Child Support Enforcement	93.563
Foster Care—Title IV-E	93.658
Adoption Assistance	93.659
Medicaid Cluster	93.775/93.777/ 93.778

Criteria: 2 CFR section 176.210 states, "Federal agencies must require recipients to (1) agree to maintain records that identify adequately the source and application of ARRA awards; (2) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; and (3) provide identification of ARRA awards in their Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC) and require their subrecipients to provide similar identification in their SEFA and SF-SAC."

Condition: Each State agency that receives federal money as part of the American Recovery and Reinvestment Act of 2009 (ARRA) is responsible for separately reporting and tracking the money received and expended. Expenditures must be properly reported by the individual agency and on the State's SEFA. The Department of Administration developed a report to identify such State agencies and federal programs that expended ARRA funds; however, during our initial review of the SEFA, it was noted that the State agencies responsible for administering the federal programs above had not properly accounted for and properly segregated the ARRA expenditures from non-ARRA expenditures on the SEFA.

CFDA#	Program	ARRA Expenditures
10.551/10.561	SNAP Cluster	$ 212,831
17.225	Unemployment Insurance (UI)	14,239,988
20.205/20.219/23.003	Highway Planning and Construction Cluster	11,321,642
81.042	Weatherization Assistance for Low-Income Persons (WAP)	1,127,625
93.563	Child Support Enforcement	1,782,000
93.658	Foster Care—Title IV-E	1,484,503
93.659	Adoption Assistance	910,647
93.775/93.777/93.778	Medicaid Cluster	121,038,681
		$ 152,117,917

2009–12 REPORTING – SEGREGATION OF ARRA FUNDS (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
Department of Agriculture	
Supplemental Nutrition Assistance Cluster (SNAP)	10.551/10.561
Department of Labor	
Unemployment Insurance (UI)	17.225
Department of Transportation	
Highway Planning and Construction Cluster	20.205/20.219/ 23.003
Department of Energy	
Weatherization Assistance for Low-Income Persons (WAP)	81.042
Department of Health and Human Services	
Child Support Enforcement	93.563
Foster Care—Title IV-E	93.658
Adoption Assistance	93.659
Medicaid Cluster	93.775/93.777/ 93.778

Questioned Costs: N/A

Context: Total expenditures ultimately identified on the SEFA as ARRA expenditures for each of the above programs were $152,117,917 for the fiscal year ended June 30, 2009.

Cause: Policies and procedures are not being followed to allow for the separate reporting of ARRA expenditures by all agencies.

Effect: When expenditures are not properly identified as ARRA expenditures, the ARRA specific compliance requirements related to those expenditures in the areas of activities allowed or unallowed, procurement, subrecipient monitoring and any other program-specific requirements may not be identified as relating to these expenditures and complied with.

Recommendation: We recommend that the agencies develop and implement a process to more accurately identify and separately report ARRA expenditures.

Views of Responsible Officials and Planned Corrective Actions: FARS will work with the agencies receiving ARRA money and the State ARRA coordinator, as well as plan additional procedures at the FARS level to ensure accuracy and timeliness of ARRA reporting. GAAP training will also specifically target ARRA reporting.

2009–13 ALLOWABLE COSTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Department of Administration	Undeterminable

Criteria: The West Virginia Department of Administration determines the rates paid by State agencies for the use of fleet vehicles in the State of West Virginia.

Condition: Each State agency pays a fee for the use of an individual fleet vehicle. This fee includes a charge which supports the Aviation Division. The Federal Government has inquired as to whether any federal money has been paid to support the Aviation Division from fiscal years 2006 through 2009 through inclusion of federal money in the Aviation Division's portion of the administrative fee received by the West Virginia Department of Administration.

Questioned Costs: $1,025,287

Context: Total federal expenditures for the State included on the Schedule of Expenditures of Federal Awards (SEFA) were approximately $4.9 billion for the fiscal year ended June 30, 2009.

Cause: The State is not properly identifying and reporting the portion of the fee paid that relates to federal monies which have been paid to support the Aviation Division.

Effect: The amount related to federal expenditures may be disallowed creating a liability for the State of West Virginia to the Federal Government for the amount of the questioned costs.

Recommendation: We recommend that the State and the West Virginia Department of Administration develop a system to properly track federal monies spent which support the Aviation Division through these fees paid by agencies.

Views of Responsible Officials and Planned Corrective Actions: Effective July 1, 2010, the State of West Virginia and its Department of Administration will no longer permit State agencies to pay fees related to the subsidization of the Aviation Division with federal funds. However, for the fiscal year ending June 30, 2010, the State of West Virginia will need to reimburse the Federal Government for any unallowable costs paid with federal dollars.

2009–14 POTENTIAL MISAPPROPRIATION OF FEDERAL FUNDS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Department of Housing and Urban Development (HUD)	
	The Governor's Office of Economic Opportunity (GOEO)	
	Supportive Housing Program (SHP) WV28B70-8006	14.235
	Homelessness Prevention and Re-Housing Program (HPRP)	14.257

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 Subpart E Section 1 and 2, "direct costs are those that can be identified specifically with a particular final cost objective. Typical direct costs chargeable to Federal awards include:

a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.

b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

c. Equipment and other approved capital expenditures.

d. Travel expenses incurred specifically to carry out the award."

Condition: It was determined there were claims of misappropriation of federal funds by the GOEO such that improper expenditures (i.e., unallowable costs) totaling $14,868 were made under the Supportive Housing Program (SHP) up through June 30, 2009, as follows:

- The GOEO hired an individual with the specific purpose of working on an upcoming new HUD grant, the SHP. The new grant had not been awarded yet so the GOEO charged this individual's wages, travel expense, and office space expense against the current year HUD grant with the intent of reimbursing the current year grant with new grant monies once received; however, the new HUD grant was never received, thus the individual's expenses, totaling $4,655, were charged against a grant for which the costs were not considered allowable costs;

- The GOEO charged personnel wages for seven existing employees based upon the percentage of time spent on the new SHP against the current year HUD grant with the intent of reimbursing the current year grant with new grant monies once received; however, the new HUD grant was never received, thus the personnel expenses, totaling $10,213, were charged against a grant for which the costs were not considered allowable costs.

2009–14 POTENTIAL MISAPPROPRIATION OF FEDERAL FUNDS (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
The Department of Housing and Urban Development (HUD)	
The Governor's Office of Economic Opportunity (GOEO)	
Supportive Housing Program (SHP) WV28B70-8006	14.235
Homelessness Prevention and Re-Housing Program (HPRP)	14.257

Subsequent to June 30, 2009, expenditures made under the same notion of charging new grant expenditures for the SHP to the current year HUD grant totaled $30,615, as follows:

- The GOEO hired an individual with the specific purpose of working on an upcoming new HUD grant, the SHP. The new grant had not been awarded yet so the GOEO charged this individual's wages, travel expense, and office space expense against the current year HUD grant with the intent of reimbursing the current year grant with new grant monies once received; however, the new HUD grant was never received, thus the individual's expenses, totaling $22,955 subsequent to June 30, 2009, were charged against a grant for which the costs were not considered allowable costs;

- The GOEO charged personnel wages for seven existing employees based upon the percentage of time spent on the new SHP against the current year HUD grant with the intent to reimburse the current year grant with new grant monies once received; however, the new HUD grant was never received, thus the personnel expenses, totaling $7,660, were charged against a grant for which the costs were not considered allowable costs.

It was also determined that there were claims of misappropriation of federal funds by the GOEO such that a duplicate drawdown request for $15,023 under the HPRP had been received and the funds were held for an extended period of time before repayment was made to the HUD.

Questioned Costs: $45,483 for the SHP
$15,023 for the HPRP

Context: Total federal expenditures for the HUD's SHP during the year ended June 30, 2009, were $117,456. Total federal ARRA-related expenditures for the HUD's HPRP during the year ended June 30, 2009, were $1,280.

Cause: We were informed that the GOEO Director allegedly instructed the GOEO Fiscal Agent to charge direct and indirect expenditures to an unrelated grant. These funds were expended for activities unrelated to the approved SHP grant, resulting in a potential misappropriation of federal funds. The GOEO made duplicate drawdown requests from HUD for the HPRP. The GOEO voluntarily contacted HUD and initiated the process to repay the federal funds.

2009–14 POTENTIAL MISAPPROPRIATION OF FEDERAL FUNDS (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
The Department of Housing and Urban Development (HUD)	
The Governor's Office of Economic Opportunity (GOEO)	
Supportive Housing Program (SHP) WV28B70-8006	14.235
Homelessness Prevention and Re-Housing Program (HPRP)	14.257

Effect: The GOEO's capacity to administer SHP and HPRP funds has been affected and it is the recommendation of HUD that the GOEO does not administer any additional Homelessness Management Information Systems (HMIS) grant awards.

Recommendation: We recommend that the GOEO implement effective controls in order to ensure compliance with activities allowed or unallowed, allowable costs/cost principles, and cash management requirements of these federal programs. Restitution in the amount of $29,891 for expenditures up through June 30, 2009, has been remitted to the HUD.

Views of Responsible Officials and Planned Corrective Actions: Since their appointment, the GOEO's Acting Director has encountered numerous situations similar to this issue that must be addressed within the Agency. As such, the GOEO has been given permission to hire an independent accounting firm to review existing internal controls, accounting procedures and processes and make recommendations for improvements.

The GOEO is in the process of acquiring the necessary three procurement bids and hopes to have the assessment completed by June 1, 2010. At that point, the GOEO will then begin to implement the recommended changes throughout our office to ensure that we protect the integrity of the federal funds.

2009–15 PAYROLL CERTIFICATIONS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Help America Vote Act Requirements Payments	90.401

Criteria: OMB Circular A–87, in Attachment B Section 8(h)(3) requires that: "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared as least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Condition: The State of West Virginia office of the Secretary of State did not complete semi annual certifications for one employee who worked full-time or solely on the Help America Vote Act (HAVA) activities. This persons' entire salary and benefits were charged to the HAVA program. During the period July 1, 2007 through August 31, 2009, the Secretary of State did not require the employee to prepare semi-annual certifications that 100% of their time had been spent on HAVA related activities. Election officials provided semi-annual certifications for the period March 7, 2005 through June 30, 2009; however each of these certifications were signed on October 8, 2009.

Questioned Costs: $124,276

Context: Between July 1, 2007 and August 31, 2009, the state charged the HAVA program $124,276 for the salary and benefits of a full time employee. Total federal expenditures for the Help American Vote Act Requirement Payments program for the year ended June 30, 2009 were $241,821.

Cause: The state of the Secretary of State's Office was not aware of this requirement.

Effect: The United State Election Assistance Commission has no assurance that salaries and fringe benefit costs of $124,276 paid to the Secretary of State staff using HAVA program funds were incurred for work done solely on HAVA activities during the audit period.

Recommendation: We recommend that the West Virginia Secretary of State resolve with the United States Election Assistance Commission the appropriate corrective actions regarding the lack of periodic certifications.

Views of Responsible Officials and Planned Corrective Actions: The Secretary of State and other officials acknowledge that the semi-annual certifications had not been prepared as required. They were not in office when these findings were reported and were not are of the requirement for full-time staff to prepare the certification. The full-time HAVA employee worked only on HAVA related activities and elections staff are now fully aware of the requirement and have instituted procedures to assure that such certifications will be prepared on a timely basis in the future.

2009–16 QUALITY CONTROL ERROR RATE

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Agriculture	
	Supplemental Nutrition Assistance (SNAP) Cluster	10.551/10.561
	Grant Award 2009 – 1WV400401	

Criteria: The State agency must establish a continuing performance reporting system to monitor program administration and program operations. The components of the State agency's performance reporting system shall be (i) data collection through management evaluation reviews and quality control reviews; (ii) analysis and evaluation of data from all sources; (iii) corrective action planning; (iv) corrective action implementation and monitoring; and (v) reporting to Food and Nutrition Service (FNS) on program performance (7 CFR section 252.2(a)(1)).

Condition: There is a 95% statistical probability that West Virginia's SNAP payment error rate exceeds 105% of the national performance measure for FFY 2008 as determined by Food and Nutrition Services. As FFY 2008 was the second consecutive year that West Virginia's Department of Health and Human Resources' (DHHR) payment error rate exceeded 105% of the national performance measure, a liability was established for SNAP.

Questioned Costs: Unknown

Context: West Virginia's SNAP payment error rate for FFY 2008 was 7.40% as compared to the national performance measure of 5.01%. The liability established was $425,722. Total federal expenditures for SNAP for the fiscal year ended June 30, 2009, were $388,136,291.

Cause: Supervisory review procedures are not adequate to detect errors and maintain payment error rates within a tolerable level.

Effect: Ineligible or potentially ineligible claims may have been reimbursed using federal funds. Furthermore, the SNAP program may be exposed to an error rate liability imposed by the U.S. Department of Agriculture.

Recommendation: DHHR should increase staff training and strengthen procedures over supervisory review to reduce errors.

Views of Responsible Officials and Planned Corrective Actions: WVDHHR had received a letter, dated June 26, 2009, from the U.S. Department of Agriculture (USDA) concerning the Food Stamp Program Error Rate (available upon request). In response to the Fiscal Year 2008 Error Rate, BCF has developed a New Investment Plan for the FFY 2008 sanction. The New Investment Plan was mailed to the USDA on January 26, 2010 (available upon request).

2009–17 FEDERAL REPORTING

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Grant Award 1WV700721 Grant Award 1WV700701	10.557

Criteria: 7 CFR Section 246.25(b) states "State agencies must submit financial and program performance data on a monthly basis, as specified by FNS, to support program management and funding decisions."

Specifically, WIC is required to file the FNS-798 WIC Financial Management and Participation Report (OMB No. 0584-0045).

The FNS-798 presents the status of the report year grant and costs adjusted by the spending options which allow State agencies to shift a small portion of the WIC grant funds between federal fiscal years. The FNS-798 report is the State's official declaration of the final status of its grant and costs for the report year.

Condition: During the preparation of the March 2009 FNS-798 Report, a calculation error was made in a key line item. This error was not discovered by the reviewer of the report; therefore, key line items of the report contained incorrect information and amounts were reported to the Federal Government.

Questioned Costs: N/A

Context: During the preparation of the March 2009 FNS-798 Report a calculation error was made in key line item number 26, Net Federal Outlays and Unliquidated Obligations, which reported $5,205,958 instead of $5,435,947, a difference of $229,989. Total federal expenditures for WIC for the fiscal year ended June 30, 2009, were $37,682,893.

Cause: Adequate review was not performed prior to submission of FNS reports.

Effect: Inaccurate data was reported on the federal reports filed with the grantor agency.

Recommendation: The Department of Health and Human Resources (DHHR) should implement review procedures to ensure that federal reports are accurate, complete, and reconciled to the underlying documentation.

Views of Responsible Officials and Planned Corrective Actions: The Bureau for Public Health (BPH) agrees that an error was made in an estimated amount reported to the Federal Government.

The preparation of the ONS 798 report has been revised and actual amounts rather than estimated amounts are reported. Currently, the report is prepared and reviewed at the BPH Central Finance level, sent to DHHR Grants Management for their review, and then submitted to the Federal Government. We believe that a sufficient level of review is in place. However, the DHHR understands that the possibility for human error always exists and will nonetheless continue to look for ways to improve internal oversight procedures with respect to preparation of the ONS 798 report.

2009–18 FOOD INSTRUMENTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Grant Award 1WV700721 Grant Award 1WV700701	10.557

Criteria: A State agency operating a retail food delivery system must take the following actions to ensure that payments of WIC food funds to vendors conform to program regulations and the State agency's vendor agreement:

a. Food Instrument (FI) Review Process – The State agency must have in place a process for reviewing all, or a representative sample of, Food Instruments submitted by vendors for redemption. At a minimum, this process must be able to detect:

   1. Redeemed monetary amounts that exceed the maximum monetary purchase amounts established by the State agency for each type of Food Instrument.

   2. Other errors, including purchase price missing; participant, parent/caretaker, or proxy signature missing; vendor identification missing; Food Instruments transacted or redeemed after the specified time period; and altered purchase price.

   3. Questionable Food Instruments which, while they may not clearly contain errors, nevertheless require follow-up to determine if an error has occurred.

b. Follow-up on Erroneous or Questionable Food Instruments – The State agency must follow up on Food Instruments containing errors and other questionable Food Instruments detected through this process within 120 days following detection.

Condition: The WIC program utilizes an outside vendor to process food instruments. Although reconciliations are performed on vendor reports and on-site visits are periodically conducted, adequate monitoring is not performed to ensure that vendor is compliant with federal requirements.

Questioned Costs: N/A

Context: Total federal expenditures for the WIC program for the fiscal year ended June 30, 2009, were $37,682,893.

Cause: The WIC program has not established proper policies and procedures to monitor the compliance of the outside vendor utilized in the processing of food instruments.

Effect: The WIC program may not be in compliance with federal requirements regarding food instruments.

2009–18 FOOD INSTRUMENTS
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Agriculture	
	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557
	Grant Award 1WV700721	
	Grant Award 1WV700701	

Recommendation: The WIC program should develop policies and procedures to adequately monitor vendors that are responsible for compliance requirements. These policies and procedures could include the requirement of the vendor to have a Statement on Auditing Standards Number 70 Review (SAS 70).

Views of Responsible Officials and Planned Corrective Actions: The Bureau for Public Health's Office of Nutrition Services added the SAS 70, Type II requirement to the Banking Request For Quotation (RFQ) specifications for an outside vendor who will process food instruments. The new contract was awarded effective March 1, 2010, and includes the SAS 70, Type II requirements.

2009–19 SUBRECIPIENT MONITORING – AUDIT REPORTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR)	15.252
	Grant Award S08AP12551	
	Grant Award S07AP12353	
	Grant Award S06AP12181	
	Grant Award S05AZ10278	

Criteria: All subrecipients subject to Office of Management and Budget (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 and a management decision on audit findings must be issued within six months after receipt of the subrecipient's audit report. Furthermore, pass-through entities are required to determine if the audit report is on file with the Federal Clearinghouse prior to granting eligibility for the current year.

Condition: We reviewed the subrecipient monitoring of audit reports for AMLR and noted the following issues:

- During fiscal year 2009, AMLR's subgrant department did not require subrecipients to submit audit reports completed in accordance with OMB Circular A–133 when expenditures were greater than $500,000.
- AMLR had not determined if the required audit reports were appropriately filed with the Federal Clearinghouse prior to granting eligibility for the current year.

Questioned Costs: Unknown

Context: Total federal expenditures to subrecipients for AMLR were $8,296,331 for the year ended June 30, 2009. Total federal expenditures for AMLR were $29,167,032 for the year ended June 30, 2009.

Cause: Management indicated that the subgrant unit of AMLR has only been implemented for the past couple of years and has only recently become a significant part of program operations.

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: We recommend that AMLR develop policies and procedures to ensure that all subrecipients subject to OMB Circular A–133 properly report to AMLR and the Federal Clearinghouse. These procedures should include monitoring logs and/or checklists that document the compliance with these procedures. Once audit reports are received, the reports should be reviewed using a tool such as the President's Council on Integrity and Efficiency (PCIE) checklist. Management decisions on findings or other issues identified in the audit should then be communicated to the subrecipient within the required six months.

2009–19 SUBRECIPIENT MONITORING – AUDIT REPORTS (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR)	15.252
	Grant Award S08AP12551	
	Grant Award S07AP12353	
	Grant Award S06AP12181	
	Grant Award S05AZ10278	

Views of Responsible Officials and Planned Corrective Actions: The department has a process in place that addresses subrecipient monitoring responsibilities with programs other than the AMLR program. That process has been expanded to include the subrecipient responsibilities of the AMLR program. Standard operating procedures have been drafted to ensure that all subrecipients subject to OMB Circular 133 properly report to AMLR and the Federal Clearinghouse. The procedures include monitoring logs and/or checklists that document the compliance with these procedures. Audit reports received are reviewed using the President's Council on integrity and Efficiency (PCIE) checklist. Management decisions on findings or other issues identified in the audit are then communicated to the subrecipient in writing within the required six months and require the subrecipient to submit adequate corrective action plans. These new procedures have been implemented and audit reviews have been conducted. Therefore, management considers this finding to be resolved.

2009–20 ACTIVITIES ALLOWED OR UNALLOWED

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Labor	
	Workforce Investment Act (WIA) Cluster	17.258/17.259/ 17.260
	Grant Award AA–17156-08-55-A-54	

Criteria: Each State department and agency that receives and disburses federal awards is required by OMB Circular A102 to have a "grantee financial management system which shall provide accurate, current, and complete disclosure of the financial results of each grant program."

The management of Workforce West Virginia (WWV) is responsible for establishing and maintaining controls over the procurement process to minimize the risk of errors and fraud occurring and not being detected.

Condition: During April 2009, an on-site monitoring visit by the Management Analysis Division of WWV uncovered payments for unallowed activities by a subrecipient of the above-referenced grant award. In addition, it was determined that a conflict of interest existed with the subrecipient award which raised concerns over the legality of the grant award. WWV terminated the agreement with the subrecipient and required all questioned costs to be repaid to the State during the final closeout of the award.

Questioned Costs: $11,634

Context: Total federal expenditures to the subrecipient for the WIA Cluster were $87,444 for the year ended June 30, 2009. Total federal expenditures for the WIA Cluster were $14,388,569 for the year ended June 30, 2009. The $11,634 in questioned costs along with $294 in excess cash on hand were reimbursed by the subrecipient prior to the fiscal year end. Subsequent to yearend the total amount expended of $87,150 was replenished to the Federal program using State funds.

Cause: An internal employee of WWV violated conflict of interest policies and procedures and participated in an inappropriate grant award to a subrecipient. Furthermore, the subrecipient did not have adequate documentation to ensure the grant award was expended in accordance with the grant budget.

Effect: WWV policies and procedures were not followed which resulted in an inappropriate grant award and questioned costs.

Recommendation: We recommend that WWV follow their policies and procedures as established and perform periodic training of its employees on all current policies and procedures including conflict of interests.

2009–20 ACTIVITIES ALLOWED OR UNALLOWED
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Labor	
	Workforce Investment Act (WIA) Cluster	17.258/17.259/ 17.260
	Grant Award AA–17156-08-55-A-54	

Views of Responsible Officials and Planned Corrective Actions: Workforce West Virginia has modified and improved the procurement and award process for State Set Aside sub recipients to ensure checks and balances are in place to avoid this happening in the future. Any potential sub recipient must have attended the bidder's conference in order to submit a proposal. Three separate review teams review and score each proposal submitted. These review team consist of Administrative; Fiscal and Program. Each member of the review teams signs a conflict of interest statement for every company represented by a proposal. All score sheets are signed and dated by the individual's doing the review. The scores are tallied and recommendations made to the Executive Committee for each proposal by both the Program Director and Fiscal Director based upon the reviews conducted. An Executive Committee made up of Workforce West Virginia's Acting Executive Director, Cabinet Secretary of Commerce and other state agency representatives collectively makes final decisions on all State Set Aside grant awards. No award is granted by any one individual.

2009–21 INFORMATION SYSTEMS CONTROLS
(Prior Year Finding 2008–38)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	West Virginia Department of Transportation Division of Highways	
	U.S. Department of Transportation, U.S. Appalachian Regional Commission	
	Highway Planning and Construction Cluster	
	Highway Planning and Construction	20.205
	Recreational Trails Program	20.219
	Appalachian Development Highway System	23.003

Criteria: The management of the Department is responsible for establishing and maintaining effective internal controls over financial reporting. Additionally, a fundamental concept of internal control is adequate segregation of incompatible duties, the premise being that responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different employees.

Condition: The Department operates several information technology systems that affect the information that is reported in the Department's financial statements. During our review of the information technology systems, we noted:

- The process for system change management for the contract management system (PRS) is informal, and the key authorizations (initial system change request, testing of the change, and migration to production) are not documented.
- The process for system change management in the Department's primary accounting system (REMIS) lacks adequate segregation of duties. Specifically, two Information Services Managers have the ability to make changes in the development environment and migrate those changes to the production environment. Additionally, we noted that an independent review of the system change reports is not performed to determine if any unauthorized changes have occurred.
- The domain level login process provides for a user lockout after four invalid login attempts; however, the lockout duration is set to zero minutes. Accordingly, the user lockout for invalid login attempts is not functioning.
- For mainframe security (RACF), we noted that the password for a powerful RACF command is stored in a file on the mainframe and that all of the West Virginia Office of Technology programmers have access to this file.
- The process to grant, modify, or revoke rights within PRS is not formally documented and reviewed.
- The system backups for the PRS system are made nightly, but these backup tapes are not rotated off-site.

Questioned Costs: N/A

2009–21 INFORMATION SYSTEMS CONTROLS
(Prior Year Finding 2008–38) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	West Virginia Department of Transportation Division of Highways	
	U.S. Department of Transportation, U.S. Appalachian Regional Commission	
	Highway Planning and Construction Cluster	
	Highway Planning and Construction	20.205
	Recreational Trails Program	20.219
	Appalachian Development Highway System	23.003

Context: All financial transactions of the Department are processed through these information technology systems.

Cause: The Department has not established or monitored the existing information technology systems policies and procedures over change management and certain system access controls.

Effect: Changes to the information technology systems programming can be placed in production without appropriate supervisory review and approval. Additionally, unauthorized access to these information technology systems may occur and go undetected. Also, data may be lost due to an unforeseen event that impacts the West Virginia State Capitol Complex, specifically, Building Five.

Recommendation: The Department should implement procedures to:

- Document the change management process for PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval, which must occur prior to the changes being migrated to production.
- Segregate the incompatible duties over change management to REMIS and implement a process for independent review of system change reports for unauthorized changes.
- Increase the lockout duration on user accounts after four failed attempts to a reasonable period of time.
- Move the password for the noted RACF command to a secure location that only those with the rights to utilize the command have access.
- Document the process for changing existing user rights within PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval of the change.
- Ensure that the backup tapes for PRS are rotated off-site nightly.

2009–21 INFORMATION SYSTEMS CONTROLS
(Prior Year Finding 2008–38) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
West Virginia Department of Transportation Division of Highways	
U.S. Department of Transportation, U.S. Appalachian Regional Commission	
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Appalachian Development Highway System	23.003

Views of Responsible Officials and Planned Corrective Actions: Information Services is in the process of developing a program to document and track all changes made to PRS and all other programs which may be applicable. The Information Services Division agrees that management should be periodically reviewing the changes. However, with the limited programming staff available, there is not sufficient time for other experienced programmers to review the changes in a comprehensive detailed manner; however, should the additional programmers be employed, more compliance with this finding would be expected. The account lockout duration setting determines the number of minutes a locked-out account remains locked out before automatically becoming unlocked. A value of 0 specifies the account will be locked out until an administrator explicitly unlocks it. West Virginia Office of Technology (WVOT) will review and update standard password complexity requirements to ensure consistency between standard/policies and implementation of those items. The RVARY function has not been used in over 10 years, hence the lack of review of RVARY activity. Only System Programmers with the Data Center have access to the SY.CHANGES file. WVOT will take these suggestions under advisement. The process to add or delete a user to the SQL tables has been made the same as the rules for adding and deleting to the PRS domain user group. This process will also be formally documented. Our server is in the process of being replaced. Once the server is replaced, it will reside with the Office of Technology in one of their server rooms, and by policy it will have secure backups taken periodically.

2009–22 PAYROLL AUTHORIZATION PROCEDURES
(Prior Year Finding 2008–39)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Transportation	
U.S. Appalachian Regional Commission	
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Appalachian Development Highway System	23.003

Criteria: The management of the Department is responsible for establishing and maintaining adequate control over the approval of employee payroll transactions.

Condition: During our testing of payroll approval procedures, we noted that the established procedures related to the approval of daily labor reports (DOH-12) prior to entry into the DOH's payroll system were not functioning adequately. Specifically, our sample of 40 employee payroll cash disbursements during the fiscal year ended June 30, 2009, included the following:

- There were four instances identified where there was no signature approval on the DOT-12.
- There were eight instances identified in which the DOT-12 was not signed off by the individual that entered the data into the payroll system.

Context: Total payroll expense for the fiscal year ended June 30, 2009, was approximately $170 million.

Cause: The DOH's established procedures for payroll authorization are not functioning as designed.

Effect: Errors found could occur in the amount of time claimed for compensation, charged to a project, and recorded as expenditures without being detected by management.

Recommendation: Management of the Division should enforce and monitor the established procedures over payroll authorization.

Views of Responsible Officials and Planned Corrective Actions: The agency operating procedures were recently updated to stress the requirement and importance of supervisor reviews and signatures of the DOT-12 Daily Time Report. Additionally, the requirements for the data entrant to initial each DOT-12 were stressed. There is a compensating control which requires supervisors to review and sign each employee's bimonthly time sheet. Additionally, the DOH District Comptrollers will be required to perform monthly, random reviews of organizational DOT-12s for proper and completed signatures. The DOT audit staff will likewise review DOT-12 signatures in their organizational audits.

2009–23 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Criteria: OMB Circular A–133 Section 300a states, "The auditee shall prepare appropriate financial statements including the schedule of expenditures of Federal awards."

Condition: During our testing of the Schedule of Expenditures of Federal Awards (SEFA) for the Weatherization program, we noted that the GOEO reported current year expenditures which were less than the State of West Virginia's Financial Information Management System (FIMS) exported Crystal Report for Fund 8797's CFDA# 81.042 and American Recovery and Reinvestment Act (ARRA) 81.042 as of June 30, 2009. We also noted that the annual SF-269 reports did not reconcile to the SEFA expenditures, the FIMS Crystal Report, or the agency-maintained cash ledgers.

Questioned Costs: N/A

Context: GOEO reported SEFA expenditures of $5,325,784 for the year ended June 30, 2009, whereas West Virginia's FIMS showed expenditures of $6,972,320, resulting in an understatement of $1,646,536. Total reported federal expenditures for Weatherization 81.042 were $4,198,159 while ARRA-related expenditures were $1,127,625. However, per FIMS, total federal expenditures that should have been reported for Weatherization 81.042 were $5,844,695; ARRA expenditures were accurate. The GOEO could not reconcile the difference and subsequently, the SEFA was not adjusted.

Cause: Policies and procedures related to preparation and review of the SEFA are not being followed, therefore allowing for errors which are not being detected. FIMS Fund/CFDA expenditures should agree with the respective agency's 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 agree to FIMS fund activity and separately maintained financial information. The GOEO maintains cash ledgers for the Weatherization Program within an Excel spreadsheet by program year. With the inception of ARRA funds, they have added a separate spreadsheet to track ARRA expenditures.

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

Recommendation: We recommend that the GOEO implement a monthly reconciliation process, utilizing both the monthly State Auditor Reports (SARs) and an exported monthly Crystal Report for Fund 8797 CFDA#81.042 to ensure that the GOEO Weatherization Cash Ledgers, which are the basis for the SEFA, are accurate compared to what is actually being input into the State's FIMS system. This will allow for proper reporting of federal awards and expenditures.

2009–23 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Views of Responsible Officials and Planned Corrective Actions: The GOEO plans to implement a monthly reconciliation process, utilizing both the FIMS numbers and an exported Crystal Report for Fund 8797 CFDA #81.042 to ensure that GOEO Weatherization Cash Ledgers, which are the basis for the SEFA, are accurate compared to what is actually being input into the State's FIMS system.

2009–24 INDIRECT COST ALLOCATION

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

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 GOEO does not have a formal indirect cost rate proposal (ICRP) for the Weatherization program. They do allocate indirect costs; however, the method of allocation is not based on methodology allowed by OMB Circular A–87. Allocation percentages are based on the amount of administration funds available for the current calendar quarter in proportion to the total administration funds, and those amounts are updated every three months as new grants are awarded.

Questioned Costs: $506,050

Context: Total federal administrative expenditures for the Weatherization program for the year ended June 30, 2009, were $506,050. Total federal expenditures for the Weatherization program were $5,325,784 for the fiscal year ended June 30, 2009.

Cause: The GOEO has not created a formal indirect cost rate proposal to allocate indirect costs of the Weatherization program.

Effect: The Weatherization program is not in compliance with OMB Circular A–87 cost principles related to indirect costs.

Recommendation: The GOEO should ensure that the Weatherization program creates and adheres to a formal ICRP to allocate indirect costs on a consistent basis in accordance with OMB Circular A-87.

Views of Responsible Officials and Planned Corrective Actions: Planned action is to review OMB A-87 to become familiar with the allowed methodology. Will also seek guidance from the CPA firm with which we will be consulting in order to establish an appropriate indirect cost rate proposal for consistent allocation of costs.

2009–25 INVENTORY PROCESS AND PROCEDURES

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

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–100 Subpart C Section 34, "the recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

(1) Equipment records shall be maintained accurately and shall include the following information.

(i) A description of the equipment.

(ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(iii) Source of the equipment, including the award number.

(iv) Whether title vests in the recipient or the Federal Government.

(v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

(vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

(vii) Location and condition of the equipment and the date the information was reported.

(viii) Unit acquisition cost.

(ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share."

Condition: We requested an inventory listing from the GOEO for the Weatherization program compliance requirement testing procedures for FY 2009, and as such, we noted the following:

- The GOEO provided us with two different updated listings throughout our audit of the Weatherization program.

2009–25 INVENTORY PROCESS AND PROCEDURES
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

- Perusal of the inventory listing revealed one asset that was denoted as "broken" which should have been properly retired within the Fixed Asset System.
- Two assets included within inventory listing that did not have the following information: a) value; b) purchase date; and c) asset tag #, if applicable.

Questioned Costs: Unknown

Context: Total Weatherization program capital asset inventory at June 30, 2009, was approximately $144,000.

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

Effect: Amounts reported as capital assets inventory may not be correct. Due to continued updates to the capital asset listing subsequent to year-end, the data elements recorded on the current capital asset listing do not comply with OMB Circular A–102 requirements.

Recommendation: We recommend that the GOEO enforce and monitor existing inventory control procedures that are set forth by federal regulations.

Views of Responsible Officials and Planned Corrective Actions: Planned action is to review OMB Circulars A-100 and A-102 for guidance on the appropriate treatment of inventory and fixed assets. A subsequent process will be implemented in order to enforce/ monitor existing inventory control procedures, ensuring compliance with Federal regulations.

2009–26 EARMARKING REQUIREMENTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization Grant Award 2008 DE-FG26-04R340653	81.042

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 10 CFR section 440.18(e)), subrecipients may spend no more than 10% of the grant for administration; however, for subrecipients receiving grants of less than $350,000, a state may permit that entity to expend up to an additional 5% of its subgrant for administrative purposes.

Condition: Additionally, per review of the GOEO subrecipient grant agreements for the program year April 1, 2008 through March 31, 2009, paragraph 27 indicated that each subrecipient was allowed to spend not more than 11% of the Department of Energy (DOE) total of the weatherization contract for administrative and indirect cost expenses. Based upon the applicable OMB Circular A–133 earmarking requirement, this percentage exceeded the 10% requirement. However, it was determined that subrecipients had expended 9% for administrative and indirect cost expenses, thus were still under the allowable percentage.

Questioned Costs: $77,755

Context: Total subrecipient administration expenses for the 2008–2009 grant were $324,696 while the GOEO subrecipient 2008–2009 grant awards totaled $3,561,072. Total federal expenditures for the Weatherization program were $5,325,784 for the year ended June 30, 2009.

Cause: Subrecipient contract verbiage did not coincide with applicable compliance requirements for earmarking, allowing subrecipients to spend up to 11% of the DOE weatherization federal funds for administrative and indirect cost expenses. We did note that the subrecipient contracts for the program year April 1, 2009 through March 31, 2010, had been updated and included verbiage such that the subrecipients are allowed to spend not more than 8% of the DOE weatherization federal funds for administrative and indirect cost expenses, thus ensuring that the subrecipients meet the compliance requirement percentage in the future.

Effect: Controls surrounding the adherence to subrecipient earmarking requirements were not working effectively.

Recommendation: The GOEO should develop policies and procedures to ensure that the adherence to subrecipient earmarking requirements is documented accordingly.

2009–26 EARMARKING REQUIREMENTS
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization Grant Award 2008 DE-FG26-04R340653	81.042

Views of Responsible Officials and Planned Corrective Actions: The GOEO updated subrecipient Weatherization agreement verbiage to reflect that subrecipients are allowed to spend "not more than 8% of DOE weatherization federal funds for administrative and indirect cost expenses" thus ensuring the subrecipients continue to meet the compliance requirement percentage in the future.

2009–27 FINANCIAL REPORTING

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Criteria: The Weatherization program is required to file the *Financial Status Report (FSR) (SF-269 (OMB No. 0348-0039)* and the *Federal Cash Transactions Report (SF-272 (OMB No. 0348-0003).* Recipients use the FSR to report the status of funds for all non-construction projects, while the SF-272 is used to report when payment is by advances or reimbursements.

Condition: We tested a sample of two out of a population of four reports for both the SF-269 reports and the SF-272 reports as part of our major program audit procedures. As such, we noted that one of the two SF-269 reports was not submitted by the required due date. Additionally, for both of the SF-272 reports, the GOEO was unable to provide us with copies of the original signed/certified/submitted report. Finally, there was no indication of review noted on the reports prior to submission.

With respect to report reconciliation with accounting records, the GOEO did not prepare or provide reconciliation reports such that the Weatherization Cash Ledgers could reconcile with the amounts reported on each of the two SF-269 reports, and as such, variances were noted. Additionally, no supporting documentation was provided for each of the SF-272 reports and as such, the reports could not be reconciled to the accounting records.

Questioned Costs: N/A

Context: For the October 1 to December 31, 2008 SF-269 report, an unreconciled variance of approximately $220 was noted. For the January 1 to March 31, 2009 SF-269 report, an unreconciled variance of approximately $75 was noted and the report was not submitted in a timely manner. The GOEO did not prepare reconciliation schedules to reconcile the Weatherization Cash Ledgers to the amounts reported within the SF-269 reports. For the July 1 to September 30, 2008 SF-272 report and the January 1 to March 31, 2009 SF-272 report, total receipts of $13,322,085 and $15,114,668, respectively, could not be verified or supported. Total federal receipts for the Weatherization program for the fiscal year ended June 30, 2009, as reported on the SF-272 reports were $5,324,909, while total federal expenditures for the program as reported on the SF-269 reports for the fiscal year ended June 30, 2009, were $5,325,784.

Cause: Reconciliation procedures between GOEO financial records and the amounts reported on the SF-269 and SF-272 reports were not completed. Also, there was no indication of review performed prior to submission of these reports.

Effect: Inaccurate data could be reported on the federal reports filed with the grantor agency.

2009–27 FINANCIAL REPORTING
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Recommendation: The GOEO should implement review procedures to ensure that federal reports are accurate, complete, and reconciled to the underlying documentation.

Views of Responsible Officials and Planned Corrective Actions: Doe has changed their financial status reporting format to combine SF-269 and SF-272 into a single report, the SF-425. That report for ARRA has been filed for the April 1, 2009 ending June 30, 2009 and July 1, 2009 ending September 30, 2009 quarters. The accounting file copy includes underlying reconciled documentation. The report for October 1, 2009 ending December 31, 2009 is not yet filed. Planned action is to put a reminder system in place to allow for timelier filing of the financial status reports and proceed with the practice of reconciling those reports to the financial source documents.

2009–28 SUBRECIPIENT MONITORING

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	

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.

OMB Circular A–133 Subpart D §400 requires that a pass-through entity "ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year." Subrecipients must have required audits completed within nine months of their fiscal year-end, and must provide copies of their audit reports to the primary recipient. Subpart D §400 also requires that a pass-through entity "issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action."

Condition: Although the GOEO has developed monitoring procedures for Weatherization subrecipients, we noted the following:

- The financial monitoring log had not been maintained during the fiscal year ended June 30, 2009. We received three versions of the log, in various stages of completion, from GOEO personnel. The programmatic/field monitoring log had not been maintained during the fiscal year ended June 30, 2009. We received two versions of the log, in various stages of completion, from GOEO personnel;

- Per review of the financial monitoring log, there were two subrecipients who did not submit their A–133 audit within the nine-month time frame;

- For the only subrecipient whose financial statements referenced a separate management letter, the management letter was not provided to the GOEO;

- Supporting documentation of management review of subrecipient A–133 audit reports and the subsequent management decision on audit findings within six months after receipt of the subrecipient audit reports was not provided for two of the three subrecipient agencies selected for compliance testing;

2009–28 SUBRECIPIENT MONITORING
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization Grant Award 2008 DE-FG26-04R340653	81.042

- GOEO personnel could not provide support (checklists, etc.) to document completion of financial review for all three subrecipients selected for testing purposes. However, two of the subrecipients' financial statements contained notes made by GOEO personnel indicating that a review was performed;

- We noted that two of the three subrecipients selected for programmatic monitoring testing purposes did not provide responses to GOEO issues identified within the required time frame; and

- We noted that two of the three subrecipients selected for programmatic monitoring testing purposes had findings identified during initial monitoring which still had not been resolved during subsequent monitoring. We noted that all three subrecipients selected for field monitoring testing purposes had findings identified during initial monitoring which still had not been resolved during subsequent monitoring.

Questioned Costs: Unknown

Context: Total awards to the 13 subrecipients for the Weatherization program for fiscal year ended June 30, 2009, were $4,857,019. Total awards to the four subrecipients where instances of noncompliance with respect to financial monitoring were noted was $993,838. Total awards to the two subrecipients where instances of noncompliance with respect to programmatic monitoring were noted was $683,282. Total awards to the three subrecipients where instances of noncompliance with respect to field monitoring were noted was $351,800.

Cause: The GOEO does have formalized procedures in place for the monitoring of subrecipients. However, due to GOEO personnel turnover during the fiscal year, these procedures were not always able to be followed by GOEO personnel.

Communication between the subrecipient agency and the GOEO regarding approval of an extended due date for submission of the agency's audited financial statements was documented; however, due to unforeseen circumstances involving subrecipient management turnover, the audit report(s) were not submitted by the extended due date.

Effect: The inability of the GOEO to obtain the required audit(s) from the subrecipient agencies could result in the GOEO being unable to determine, in a timely manner, the existence of material noncompliance or control deficiencies with subrecipients that may be identified through the monitoring process. Also, the inability of the GOEO to maintain the review documentation related to audit finding(s) and subsequent follow-up with subrecipients results in noncompliance with applicable requirements.

Recommendation: The GOEO should take the necessary steps to obtain the required audits. The GOEO should continue to follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that required audits are completed in a timely manner, submitted to the Federal Clearinghouse, and that all identified audit findings are resolved in a timely manner.

2009–28 SUBRECIPIENT MONITORING
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization Grant Award 2008 DE-FG26-04R340653	81.042

Views of Responsible Officials and Planned Corrective Actions:

We did indeed have two sub-recipients who submitted their A-133 audits late. Both were sent letters informing them of the late submission. This office has no way that I am aware of to insure that these reports are submitted on time. We follow-up when they are not and stay on it until they are received, but beyond that there is little that we can do to force strict compliance.

All A-133 audits are reviewed when they are received by this office and the follow-up letter is sent to the agencies within the required time period. Notes are made on some while others require no notes. Letters sent to each agency are now on file along with any plans of corrective action from the agency. The dates placed on the financial monitoring log are verification that the audit was received and reviewed. No other formal documentation is currently made if the audit is clean and requires no further action.

As to the finding that all issues with sub-recipients were not resolved. Some issues do not resolve themselves quickly and this office, as a group, works with the problem agencies to bring them into compliance. We stay on the issues until they are ultimately resolved or the agency is defunded. Unfortunately, all issues are not resolved in one fiscal year.

2009–29 MONITORING OF SUSPENDED SUBRECIPIENT

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Criteria: Per OMB Circular A–133 Subpart D Section 400(d), a pass-through entity shall "perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(3) 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.

(4) Ensure that subrecipients expending $300,000 *($500,000 for fiscal years ending after December 31, 2003)* or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

(7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part."

Condition:

- A subrecipient of the Weatherization program was suspended in February 2010 by the GOEO;
- Prior year monitorings outlined no controls, financial management problems and strained relations between management and staff; and
- The subrecipient is currently under investigation by the GOEO.

Questioned Costs: $907,352

2009–29 MONITORING OF SUSPENDED SUBRECIPIENT (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Context: Total Weatherization federal expenditures to this subrecipient agency for the year ended June 30, 2009, were $907,352.

Cause: The subrecipient agency did not have effective controls in place surrounding the operation of the Weatherization program. The GOEO does have formalized procedures in place for the monitoring of subrecipients. However, the GOEO's monitoring of the subrecipient did not preclude them from disbursing funds to a subrecipient participating in the Weatherization program.

Effect: The subrecipient agency's Weatherization management did not adequately safeguard the funds, property, and other assets to ensure that they were used solely for authorized purposes; thus management did not fulfill their fiscal responsibilities. Noncompliance of the subrecipient agency directly affects the noncompliance of the oversight agency, specifically the GOEO.

Recommendation: The GOEO should strive to ensure that subrecipient agencies are monitored in a timely manner and all identified noncompliance should be addressed immediately. Agencies with an identified "going concern" status by their external accountant or whose financial, programmatic or field monitoring indicate significant issues should be reassessed to determine if they continue to meet the applicable eligibility requirements to participate in the Weatherization program.

Views of Responsible Officials and Planned Corrective Actions: GOEO is continuing to implement new tools and processes to our monitoring protocol. We also plan to add additional staff to assist in conducting more timely and through reviews of individual sub-grantees. In addition, we are beginning to address training issues related to grants management, financial tracking and reporting, internal controls, etc. In the past we have focused on quality of field work in regard to training and technical assistance. As a part of our improved monitoring techniques we will provide follow-up technical assistance to address any issues encountered as a part of monitoring and agencies will be held accountable. Example: effective April 1, 2010 an agency found in non-compliance in regard to lead testing will be required to have all staff who worked on a home that was not properly tested for lead or that did not follow proper procedures for lead removal crew members tested for lead with a blood level test at the agencies' expense. We will implement similar measures as findings are found at the sub-recipient level as appropriate.

2009–30 UNALLOWABLE CONSULTANT COSTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

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 Subpart E Section 1 and 2, "direct costs are those that can be identified specifically with a particular final cost objective. Typical direct costs chargeable to Federal awards include:

a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.

b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

c. Equipment and other approved capital expenditures.

d. Travel expenses incurred specifically to carry out the award."

Condition: During the fiscal year ended June 30, 2009, and subsequent to this date, there were consulting contracts for two individuals whose services were to benefit specific federal programs as follows:

- One of the individuals' contracts was $60,000 per year effective August 1, 2009 through July 31, 2010 for compliance monitoring of all ARRA-related grants through the GOEO. As of the audit report date, $45,336 ($34,000 designated as contractual and professional expense and $11,334 designated as attorney legal services) had been expended through the Weatherization program for consulting services.

- One of the individuals had two separate contracts with the State of West Virginia. The first contract of $10,000 for the period of July 1, 2009 through September 30, 2009 was for consulting and research work for the Weatherization program. This individual's second contract was $36,000 per year effective July 1, 2009 through June 30, 2010, specifically for ARRA-related Weatherization consulting services. As of the audit report date, $25,000 ($16,000 designated as contractual and professional expense and $9,000 designated as attorney legal services) had been expended through the Weatherization program for both purchasing agreements;

- Thus, there is not sufficient documentation to support the allowability and allocability of these costs to the Weatherization Program through timesheets and/or a demonstrated benefit to the Weatherization Program.

2009–30 UNALLOWABLE CONSULTANT COSTS (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	The Governor's Office of Economic Opportunity (GOEO)	
	Weatherization	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

Questioned Costs: $70.336

Context: Total Weatherization federal expenditures for the year ended June 30, 2009 were $5,325,784.

Cause: The GOEO failed to institute appropriate internal controls with respect to ensuring that consultant contracts charged to the program relate to work performed under the Weatherization program.

Effect: The GOEO may be subject to disallowances of federal expenditures.

Recommendation: The GOEO should pursue appropriate settlement for the questioned costs with the United States Department of Energy.

Views of Responsible Officials and Planned Corrective Actions: Since their appointment, the GOEO's Acting Director has encountered numerous situations similar to this issue that must be addressed within the Agency. As such, the GOEO has been given permission to hire an independent accounting firm to review existing internal controls, accounting procedures, and processes and make recommendations for improvements.

The GOEO is in the process of acquiring the necessary three procurement bids and hopes to have the assessment completed by June 1, 2010. At that point, the GOEO will then begin to implement the recommended changes throughout our office to ensure that we protect the integrity of the federal funds.

2009–31 PELL REPORTING

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: 34 CFR Section 690.83 (b)(1) states "An institution shall report to the Secretary any change in the amount of a grant for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register." The Federal Student Aid Handbook States "An institution must submit Federal Pell Grant, ACG, National SMART Grant and Direct Loan disbursement records no later than 30 days after making a disbursement or becoming aware of the need to adjust a student's disbursement. An institution's failure to submit disbursement records within the required 30-day time frame may result in an audit or program review finding. In addition, the Department may initiate an adverse action, such as a fine or other penalty for such failure."

Condition: During our testing of the Pell Payment origination and disbursement data for Concord University, we noted the following:

- For one of the six students tested who had been disbursed Pell grant money, we noted that the disbursement was not reported to the Common Origination and Disbursement (COD) System in a timely manner. Institutions must report student payment data within 30 calendar days after the school makes a payment. Concord University missed the reporting deadline by four days.

Questioned Costs: N/A

Context: Total federal expenditures for Concord University were $11,641,447 for the year ended June 30, 2009.

Cause: The computer center at Concord University encountered a data error when setting up the system for 2008–2009 academic year, which caused the late submission of the Pell origination records and disbursement records and thus failed to demonstrate compliance with the federal regulations.

Effect: Concord was not in compliance with the requirements related to Pell origination records and disbursement records.

Recommendation: The institution should develop and implement a financial reporting process to ensure that the Pell origination records and disbursement records are submitted in a timely manner.

2009–31 PELL REPORTING
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Views of Responsible Officials and Planned Corrective Actions: The Financial Aid Office is now able to submit the Pell reports and they have no need to rely on the Computer Center for assistance. Management now sends Pell reports at least once a month and sends reports multiple times a month at the beginning of the fall and spring semesters.

2009–32 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: OMB Circular A–133 Section 300a states, "The auditee shall prepare appropriate financial statements including the schedule of expenditures of Federal awards."

Condition: During our testing of the Schedule of Expenditures of Federal Awards (SEFA) for West Virginia State University (WVSU) we noted that WVSU improperly reported current year expenditures for the CFDA# 84.063, the Federal Pell Grant Program.

Questioned Costs: N/A

Context: WVSU overstated expenditures by $2,131,565 on the SEFA. Total federal expenditures which should have been reported for the Federal Pell Grant Program for WVSU were $7,810,994 as of June 30, 2009.

Cause: Policies and procedures related to preparation and review are not being followed, thus allowing errors to not be detected.

Effect: Improper reporting on the SEFA could result in inaccurate reporting in WVSU's SEFA as well as the State of West Virginia's SEFA.

Recommendation: We recommend that WVSU follow a review process to ensure proper reporting of federal awards and expenditures.

Views of Responsible Officials and Planned Corrective Actions: In the process of opening a new bank account, WVSU transferred a balance of $2,121,400 from the old bank account, which was reported as an expenditure, into the new bank account, which was reported as a receipt, on the SEFA report. The difference of $10,165 was a refund to the Department of Education. This difference of $2,131,565 was corrected and reported properly on the end of the year financial statements.

WVSU has put a review process in place where management will review and approve the federal award spreadsheets which contain the information that will be reported on the SEFA database to ensure proper reporting in the future.

2009–33 STUDENT STATUS CHANGES
(Prior Year Finding 2008–44)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: In accordance with 34 CFR 682.610, "A school shall – (1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days - (i) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis; (ii) If it discovers that the Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (iii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a fulltime basis; or (iv) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address."

Condition: During our testing of student loan files for Bluefield State College, we noted the following:

- One of the six students tested who withdrew or graduated did not have their status change reported to the National Student Clearing House in a timely manner.

Questioned Costs: N/A

Context: Approximately 310 students had status changes during the year ended June 30, 2009. Total federal expenditures for Bluefield State College were $11,609,806 for the year ended June 30, 2009.

Cause: Management failed to appropriately document the status changes of students' status changes to demonstrate compliance with the federal regulations.

Effect: A student's enrollment status determines deferment eligibility, grace periods, and repayment schedules, as well as the government's payment of interest subsidies. Enrollment status reporting is critical for the effective administration of Title IV loans.

Recommendation: The institution should implement policies and procedures to ensure that changes to student enrollment status are reported to the National Student Clearing House in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Staff in the Registrar Office and Computer Center will insure Bluefield State College complies with the established deadlines for submission. Staff recently met to review procedures and processes and establish protocol to comply with established policies. The Registrar Office will be the lead to monitor compliance.

2009–34 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: ED Form 646-1*, Fiscal Operations Report and Application to Participate (FISAP) (OMB No. 1845-0030)* – This electronic report is submitted annually to receive funds for the campus-based programs. The College uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2009, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2009, and the *Application to Participate* for the 2010–2011 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 2008–2009 and the Application to Participate for 2010-2011, 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, 2009. If there is a need to make a correction after December 15, 2009, the College must access the eCB website and make the necessary correction. This data will be saved in a Working Copy of the FISAP. The College then must justify the need to make the correction on the Additional Information page in the system. However the College will not be able to submit the correction at this stage in the process. The request must be reviewed by the Department, and the College will be notified if the correction is allowed.

Condition: The following amounts reported on the June 30, 2009 FISAP for Bluefield State College required revision and did not reconcile to supporting documentation:

- Tuition and fees reported under Part II, Section E, *Assessments and Expenditures*
- Several amounts reported under Part VI, Section A, *Distribution of Program Recipients and Expenditures by Type of Student*

Questioned Costs: N/A

Context: The Bluefield State College FISAP required a revision of Tuition and Fees from the previously recorded amount of $8,937,966 to $9,026,235. The FISAP also required a revision to several amounts reported under Part VI, Section A.

Cause: The revision to tuition and fees amount was the result of an audit adjustment made subsequent to the FISAP submission date. The revisions to amounts reported under Part VI, Section A were the result of management using an out-of-date report to prepare the information reported in that section of the FISAP.

2009–34 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

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

Recommendation: We recommend that the College implement policies and procedures to ensure that the proper documentation is maintained for the Fiscal Operations Report and Application to Participate and that accurate information is submitted to the U.S. Department of Education. We further recommend that management resubmit a revised FISAP by December 15, 2009.

Views of Responsible Officials and Planned Corrective Actions: At the time of filing the FISAP in September, the data submitted was correct; however, after the September deadline, the data changed for different reasons. The data was corrected and resubmitted timely by the December 15 deadline.

2009–35 SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS AND STUDENT DEFERMENTS (Prior Year Finding 2008–45)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: In accordance with 34 CFR 674.42 (b)(1), "The institution must conduct exit counseling with borrowers 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. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required."

Condition: During our testing of student loan files for Bluefield State College, we noted the following:

- For one student tested, out of a sample of one and a universe of one, who entered into repayment and left prior to an exit interview being conducted, we noted that management had prepared and mailed the interview package to the student. However, the interview package was mailed more than 30 days after the student's separation date.

Questioned Costs: N/A

Context: Total federal expenditures for Bluefield State College were $11,609,806 for the year ended June 30, 2009.

Cause: Management failed to mail the exit interview package within the required time frame to demonstrate compliance with the federal regulations.

Effect: The lack of timely mailing for the student's exit interview is a noncompliance issue with CFR Section 674.42.

Recommendation: The institution should implement policies and procedures to ensure that exit interview packages are mailed to all students that leave prior to an exit interview being conducted within the required 30-day time frame.

Views of Responsible Officials and Planned Corrective Actions: Effective October 1, 2009, Bluefield State College has changed its procedures to identify students needing exit interview based on the reports to the National Student Loan Clearinghouse. The new procedure will include an entry on the "RUAMAIL" screen in Banner which will indicate when the exit interview was processed. In 2008–2009 award year, the Financial Aid Office changed the exit interview form to include the date mailed for subsequent students.

2009–36 SPECIAL TESTS AND PROVISIONS - VERIFICATION

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: In accordance with 34 CFR section 668.57, acceptable documentation for verification is stated as "An institution shall require an applicant selected for verification to verify AGI and U.S. income tax paid by submitting to it, if relevant - (i) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return; (ii) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W–2 received by the parent whose income is being taken into account if - (A) The parents filed a joint return; and (B) The parents are divorced or separated or one of the parents has died; and (iii) For an independent student, a copy of each IRS Form W–2 he or she received if the independent student - (A) Filed a joint return; and (B) Is a widow or widower, or is divorced or separated. (2) If an individual who filed a U.S. tax return and who is required by paragraph (a)(1) of this section to provide a copy of his or her tax return does not have a copy of that return, the institution may require that individual to submit, in lieu of a copy of the tax return, a copy of an IRS form which lists tax account information."

Condition: For 6 of the 40 students selected for verification during the 2008–2009 school year, the documentation that was obtained from the student and reviewed for verification included tax returns that were not signed or did not indicate that they had been submitted electronically.

Questioned Costs: N/A

Context: We tested a total of 40 students out of 94 total students who had been selected for verification by the West Virginia School of Osteopathic Medicine during the year ended June 30, 2009.

Cause: Management indicated that the Financial Aid Office verifies the tax return is supplied by the student but often forgets to verify that the tax return has been signed by the student.

Effect: The lack of acceptable documentation for student verification is a noncompliance issue with 34 CFR Section 668.57.

Recommendation: The institution should implement policies and procedures to ensure that the acceptable documentation is obtained from students during the verification process.

Views of Responsible Officials and Planned Corrective Actions: West Virginia School of Osteopathic Medicine Financial Aid Office made certain that the Verification Forms were signed by the student but in these six instances we failed to verify the signature on the tax return. For the 2009–2010 academic year, we have been more diligent in our efforts to check the signatures on both the Verification Form and the tax return. This process has always been a part of our procedures but was missed six times for 2008–2009.

2009–37 STUDENT STATUS CHANGES
(Prior Year Finding 2008–44)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: In accordance with 34 CFR 682.610, "A school shall – (1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days - (i) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis; (ii) If it discovers that the Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (iii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a fulltime basis; or (iv) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address."

Condition: During our testing of student loan files for New River Community and Technical College, we noted the following:

- Three of the six students tested who withdrew or graduated did not have their status change reported to the National Student Clearing House in a timely manner.

Questioned Costs: N/A

Context: Approximately 162 students had status changes during the year ended June 30, 2009. Total federal expenditures for New River Community and Technical College were $10,245,830 for the year ended June 30, 2009.

Cause: Management failed to appropriately document the status changes of students' status changes to demonstrate compliance with the federal regulations.

Effect: A student's enrollment status determines deferment eligibility, grace periods, and repayment schedules, as well as the government's payment of interest subsidies. Enrollment reporting is critical for the effective administration of Title IV loans.

Recommendation: The institution should implement policies and procedures to ensure that changes to student enrollment status are reported to the National Student Clearing House in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Staff in the Registrar Office and Computer Center will insure New River Community and Technical College complies with the established deadlines for submission.

2009–38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (Prior Year Finding 2008–46)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

Criteria: ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The College uses the Fiscal Operations Report portion to report its expenditures in the previous award year and the Application to Participate portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2009, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2009, and the *Application to Participate* for the 2010–2011 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 2008–2009 and the Application to Participate for 2010–2011, 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, 2009. If there is a need to make a correction after December 15, 2009, the College must access the eCB website and make the necessary correction. This data will be saved in a Working Copy of the FISAP. The College then must justify the need to make the correction on the Additional Information page in the system. However the College will not be able to submit the correction at this stage in the process. The request must be reviewed by the Department, and the College will be notified if the correction is allowed.

Condition: The following amounts reported on the June 30, 2009 FISAP for New River Community and Technical College required revision and did not reconcile to supporting documentation:

- Tuition and fees reported under Part II, Section E, *Assessments and Expenditures*
- Taxable and Untaxable Income reported under Part II, Section F *Information on Eligible Aid Applicants Enrolled in Your School for Award Year 2008–2009*
- Several amounts reported under Part VI, Section A, *Distribution of Program Recipients and Expenditures by Type of Student*

Questioned Costs: N/A

Context: The New River Community and Technical College FISAP required a revision of Tuition and Fees from the previously recorded amount of $5,600,000 to $5,179,670. The FISAP also required a revision to one amount reported under Part II, Section F and several amounts reported under Part VI, Section A.

Cause: The revision to the tuition and fees amount was the result of an audit adjustment made subsequent to the FISAP submission date. The revisions to amounts reported under Part VI, Section A were the result of management using an out-of-date report to prepare the information reported in that section of the FISAP.

2009–38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (Prior Year Finding 2008–46) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.379/ 84.038/84.063/ 84.268/83.375/ 83.376/93.342/ 93.364/93.925

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

Recommendation: We recommend that the College implement policies and procedures to ensure that the proper documentation is maintained for the Fiscal Operations Report and Application to Participate and that accurate information is submitted to the U.S. Department of Education. We further recommend that management resubmit a revised FISAP by December 15, 2009.

Views of Responsible Officials and Planned Corrective Actions: New River Community and Technical College is a relatively new institution and transitioning from many services being contracted to handling all business functions in-house. At the time of filing the FISAP in September, the data submitted was not available; however, after the September deadline, the data changed for different reasons. The data was corrected and resubmitted timely by the December 15 deadline.

2009–39 SUBRECIPIENT CASH MANAGEMENT
(Prior Year Finding 2008–49)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Education	
	Title I Grants to Local Educational Agencies	84.010
	Grant Award S010A060048A	
	Grant Award S010A070048A	
	Improving Teacher Quality State Grants	84.367
	Grant Award S367A060046A	
	Grant Award S367A070046A	
	Special Education Cluster	84.027/84.173
	Grant Award H027A060075A	
	Grant Award H027A070075	

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." Furthermore, OMB Circular A–133 requires interest earned by subrecipients on federal cash draws to be remitted to the appropriate agency in a timely manner.

Condition: For the period of July 1, 2007 through March 31, 2008, the West Virginia Department of Education (WVDOE) had developed some procedures for monitoring subrecipient cash management; however, the procedures relied on the subrecipients to monitor cash management instead of the WVDOE. Furthermore, during this time, the WVDOE does not utilize the West Virginia Education Information System (WVEIS) to monitor subrecipient cash management. Furthermore, interest earned was not tracked and remitted to the appropriate federal program.

New processes and procedures were implemented during April of 2008 that addressed these issues; however, underlying documentation proving management review of cash need at the subrecipient level was not maintained.

Questioned Costs: Unknown

Context: Total federal expenditures for the subrecipients of the Title I Grants to Local Educational Agencies program were $96,674,088 for the year ended June 30, 2009. Total federal expenditures for the subrecipients of the Special Education Cluster program were $71,559,579 for the year ended June 30, 2009. Total federal expenditures for the subrecipients of the Improving Teacher Quality State Grants program were $26,068,331 for the year ended June 30, 2009.

Cause: Management did not implement policies and procedures to ensure documentation was maintained to prove subrecipient cash need.

Effect: Subrecipients may have excess federal cash on hand and are not remitting interest earned on the excess federal cash to the WVDOE; therefore, the WVDOE is in noncompliance with the federal rules and regulations regarding cash management.

2009–39 SUBRECIPIENT CASH MANAGEMENT
(Prior Year Finding 2008–49) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Education	
	Title I Grants to Local Educational Agencies	84.010
	Grant Award S010A060048A	
	Grant Award S010A070048A	
	Improving Teacher Quality State Grants	84.367
	Grant Award S367A060046A	
	Grant Award S367A070046A	
	Special Education Cluster	84.027/84.173
	Grant Award H027A060075A	
	Grant Award H027A070075	

Recommendation: During the fiscal year, the WVDOE implemented new procedures for tracking of subrecipient cash management. WVDOE should continue to review these new policies and procedures to ensure that adequate procedures are in place to monitor federal cash on hand with subrecipients and ensure that interest earned on excess federal cash on hand is remitted back to the WVDOE in a timely manner. Furthermore, management should ensure that interest earned is appropriately calculated and remitted to the federal grant program.

Views of Responsible Officials and Planned Corrective Actions: Draws and related disbursements are performed exclusively on a reimbursement basis in order to preclude interest accruals. However, procedures will be put in place to substantiate that due diligence was shown to verify that sub-recipient cash was needed when requested. When an accountant in the Office of Internal Operations receives notification of sub-recipient requests, he/she will check the online WVEIS module system that was implemented in April of 2008 to verify that there is a need for funds. The need, or failure of need, will be noted on the document requesting the funds. If a need is not indicated, correspondence will occur between the sub-recipient indicating that the requested amount will be denied. After all documents are printed for each request, a second accountant in the Office of Internal Operations, will enter the requested amounts into the WVFIMS system for payment. Finally, a third accountant in the Office of Internal Operations will scan the documents into our system for file storage. The documents will then be transferred to the Auditor's office for payment.

2009–40 ELIGIBILITY
(Prior Year Finding 2008–54)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2008 – G996115	

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

Condition: The West Virginia Department of Health and Human Resources (DHHR) does not have formal procedures in place to determine if TANF claimants have received benefits from other states, which should be applied against the federal 60-month eligibility limitation requirement.

Questioned Costs: Unknown

Context: The fiscal year ended June 30, 2002, was the first year in which the federal 60-month requirement became effective. Total federal expenditures for the TANF program for the fiscal year ended June 30, 2009, were $123,441,408.

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

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

Recommendation: DHHR has developed policies and procedures in accordance with USDHHS guidance regarding surrounding states; however, procedures to ensure claimants are not from other States cannot be developed without a centralized database and the assistance of the USDHHS. We recommend that DHHR continue to work with USDHHS to resolve the internal control weakness.

Views of Responsible Officials and Planned Corrective Actions: With respect to the 60-month (cumulative) lifetime limit under the TANF program, the DHHR has done everything as required per federal regulations and as dictated by the United States Department of Health and Human Services (HHS) through the issuance of their prior management decisions and written directives with respect to this finding. The

2009–40 ELIGIBILITY
(Prior Year Finding 2008–54) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2008 – G996115	

Federal Government has been aware of the nationwide problem for many years and understands that while states such as West Virginia are limited in their resources and capabilities to obtain absolute assurance with respect to federal assistance payments, the states are indeed utilizing the controls presently in existence to obtain the most reliable data available. Therefore, in the absence of notification to the contrary and with consideration to the most recent correspondence from the HHS dated January 15, 2010, the DHHR considers this finding as resolved and warranting no further action other than to continue with the already-existing internal processes and external control procedures currently available to the DHHR with respect to the 60-month lifetime TANF limit.

The DHHR participates in the PARIS project, which is a voluntary federal and state partnership developed by the HHS Administration for Children and Families and providing the 51 participating jurisdictions with detailed information and data to assist in maintaining program integrity and detecting and deterring improper payments. Additionally, the DHHR has internal policies and procedures within Chapter 15 of the West Virginia Income Maintenance Manual to address the 60-month lifetime limit for receipt of TANF assistance. At the time of application and during the formal interview process, when a client of the DHHR indicates that they were a resident of another State, the caseworker must determine whether the client received cash assistance from that State and, if so, the type and duration of assistance with respect to the 60-month lifetime limit. Therefore, the caseworker must contact the other state(s) to determine when the benefits were received and for how many months and then must obtain verification from the other state(s) for documentation purposes and for inclusion of the record within the applicable case files. If the customer received TANF benefits, the information is entered on RAPIDS Screen ANLM for tracking purposes and counts against the 60-month limit.

The DHHR would welcome the opportunity to participate with other states and the HHS in a consortium or task group to address the 60-month lifetime TANF limit. However, the DHHR does not have the resource capabilities and does not believe itself to be responsible for initiating this task or coordinating a nationwide effort as related to such. Nonetheless, the DHHR will continue to carry out the control procedures currently in effect within the DHHR and as with all areas of federal financial and program management, will continue to explore new possibilities and analyze internal policies and procedures in an effort to improve overall accountability and compliance with the 60-month lifetime limit for the receipt of TANF assistance.

2009–41 ELIGIBILITY AND SUPPORTING DOCUMENTS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2009 – G996115	

Criteria: A state shall require that, as a condition of providing assistance, a member of the family assign to the state the rights the family member may have for support from any other person. This assignment does not exceed the amount of assistance provided (42 USC 608(a)(3)).

Condition: Of the twenty-five TANF recipients tested, there was one exception noted within one case:

- One of the twenty-five had conflicting information between RAPIDS and the case file regarding the assignment of rights form ES AP-1.

Questioned Costs: $340

Context: The one case represents $340 out of a total $7,359 in total payments tested for eligibility. Total federal expenditures for the TANF program were $123,441,408 for the fiscal year ended June 30, 2009.

Cause: Management indicated that conflicting data was due to caseworker oversight.

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

Recommendation: The Department of Health and Human Resources (DHHR) should ensure to the extent practicable that caseworkers understand the importance of inputting information into RAPIDS that is accurate. The caseworkers should also be made aware of the financial and programmatic impact of entering invalid information, which could result in possible disallowances or reduction in the levels of funding.

Views of Responsible Officials and Planned Corrective Actions: As a result of prior findings (LIHEAP 2008–59) procedures for all programs have been developed, implemented, and monitored to ensure that policy and practice are followed to maintain accurate client records.

In new worker training, the ESAP-1 (or DFA-AP-1) form is discussed in the Basic Eligibility, Basic Medicaid and Case Maintenance courses. We also have policies in place concerning the form and/or retention of client case files in the Bureau of Child and Families (BCF) Income Maintenance Policy and the RAPIDS Desk Guide. BCF Policy and BCF Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs including TANF.

2009–42 FEDERAL REPORTING

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2009 – G996115	

Criteria: According to Title 45 265.9 (c), each State must provide the following information on the State's program(s) for which the State claims MOE expenditures:

(1) The name of each program and a description of the major activities provided to eligible families under each such program;

(2) Each program's statement of purpose;

(3) If applicable, a description of the work activities in each separate State MOE program in which eligible families are participating;

(4) For each program, both the total annual State expenditures and the total annual State expenditures claimed as MOE;

(5) For each program, the average monthly total number or the total number of eligible families served for which the State claims MOE expenditures as of the end of the fiscal year;

(6) The eligibility criteria for the families served under each program/activity;

(7) A statement whether the program/activity had been previously authorized and allowable as of August 21, 1996, under section 403 of prior law;

(8) The FY 1995 State expenditures for each program/activity not authorized and allowable as of August 21, 1996, under section 403 of prior law (see §263.5(b) of this chapter); and

(9) A certification that those families for which the State is claiming MOE expenditures met the State's criteria for "eligible families."

Specifically, each State must file an annual report containing information on the TANF program and the State's MOE program(s) for that year. Each State must complete the ACF-204 for each program for which the State has claimed basic MOE expenditures for the fiscal year."

Condition: Data contained in key line item (6) identified above which covers line 8 of the ACF 204 report did not agree to supporting documentation. The number of families served under the TANF program with MOE funds reported in the ACF 204 report differed by 2,571 families from the support provided.

Questioned Costs: N/A

Context: Total federal expenditures for the TANF program for the fiscal year ended June 30, 2009, were $123,441,408.

2009–42 FEDERAL REPORTING
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2009 – G996115	

Cause: The data reported to the Federal Government does not reconcile to supporting documents.

Effect: Inaccurate data was reported on the federal reports filed with the grantor agency.

Recommendation: The West Virginia Department of Health and Human Resources (DHHR) should maintain adequate documentation to ensure that Federal reports are accurate, complete, and reconciled to the underlying documentation.

Views of Responsible Officials and Planned Corrective Actions: We concur with the finding and recommendation. The backup documentation used to support the numbers contained on the report cannot be located or reconstructed. The report contains program data that is at a point in time and is not static. Therefore, Bureau for Children and Families will maintain either in hard copy or in an electronic format the supporting documentation that contains the point in time data used to prepare the ACF-204 report.

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	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 irregularities or defalcations occurring and not being detected. Furthermore, management of the DHHR is responsible for establishing and maintaining adequate information system internal controls for the determination of eligibility and the processing of allowable payments.

45 CFR 95.621 indicates that "State must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems." 45 CFR 95.621 further indicates that "State agencies shall review the ADP system security of installations involved in the administration of the U.S. Department of Health and Human Services (USDHHS) programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices." Finally, the regulations indicate that "the State agency shall maintain reports of their biennial ADP system security reviews, together with pertinent supporting documentation, for USDHHS on-site review.

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	10.551/10.561

Condition: DHHR operates a wide variety of computer applications, many of which affect federal and State programs' data. Our review of the information system controls noted that adequate segregation of duties do not exist for the Family and Children Tracking System (FACTS) information systems. Specifically, users (primarily supervisors) with security level 15 access within the application have the ability to create and approve cases.

Based on the description of the security reviews which are performed on the FACTS and RAPIDS systems, it does not appear as though the Medicaid Program is meeting all of the requirements set forth in the compliance supplement as noted below:

- The State is required to perform periodic risk assessments on the systems and also perform risk assessments whenever significant changes to the systems occur. Such periodic risk assessments have not been performed.

- On a biennial basis (every two years), management is supposed to review the security of the systems (i.e., RAPIDS and FACTS). At minimum, this review is supposed to include an evaluation of physical and data security operating procedures and personnel practices. The annual review currently performed by management only looks at the user access to the system to ensure that access is inactivated for users who no longer work for the agency or who no longer have need of access to the system. It does not include an evaluation of the physical and data security operating procedures and personnel practices over the system.

- Management is supposed to maintain reports on the results of the biennial reviews for federal government on-site reviews. While back-up documentation is maintained for annual inquiries of the local offices, there is no report generated at the end of the process to indicate the findings/results of the review performed.

Questioned Costs: N/A

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	10.551/10.561

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, Temporary Assistance for Needy Families (TANF), LIHEAP, State Children's Health Insurance Program (SCHIP), and the Food Stamps Cluster. The FACTS computer system is utilized to process federal awards for the Child Care Cluster, Foster Care—Title IV–E, and the Adoption Assistance programs. The table below identifies the program and OMB Circular A–133 compliance requirement impacted.

	System	Compliance Requirements Impacted
State Children's Health Insurance Program (SCHIP)	RAPIDS	Eligibility
SNAP Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability of Federal Funds, Special Tests and Provisions – ADP System for Food Stamps
Temporary Assistance for Needy Families (TANF)	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Low-Income Home Energy Assistance (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
CCDF Cluster	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds
Foster Care—Title IV-E	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	10.551/10.561

DHHR performs an annual security review of user access to the FACTS and RAPIDS systems; however, they do not perform an evaluation of the physical and data security of the systems. The security reviews, while being performed, do not go to the level of detail required to determine the appropriateness of user access based on job responsibilities.

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

Unit Supervisors can override the controls imbedded in the FACTS system in order to continue benefits for recipient.

Management of the RAPIDS program believes that the West Virginia Office of Technology (WVOT) should perform the risk assessments and security reviews of RAPIDS since it is maintained on the State mainframe. However, WVOT did not perform the risk assessments and security reviews as believed by management. Further, management has not developed or implemented procedures to perform risk assessments and security reviews of the FACTS or RAPIDS systems.

Effect: Without proper segregation of duties and absent detect controls, the ability exists for supervisors with the appropriate level of access to create and approve cases within the FACTS application.

The RAPIDS and FACTS systems may contain unidentified weaknesses in the areas of physical and data security. Further, major risks to the system may remain unidentified due to the lack of risk assessments.

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	10.551/10.561

Recommendation: DHHR should develop policies and procedures related to the performance of periodic risk assessments and to the performance of biennial security reviews on the FACTS and RAPIDS systems. Specifically, the policies and procedures should include the frequency, timing, and scope of the reviews and assessments to be performed. Further, the policies and procedures should address reporting and maintaining documentation of the results of the reviews and assessments performed. Such reviews and assessments should ensure controls are adequate and operating as designed. The risk assessment should include a vulnerability assessment review to determine potential lapses of security in relation to the overall network.

DHHR should restrict users (supervisor personnel) within the application to segregate the abilities of creating and approving cases within the application. If restricting access is not possible, a detective control should be implemented to review and ensure cases created and approved were appropriate.

Views of Responsible Officials and Planned Corrective Actions: The WV Department of Health and Human Resources had IT findings related to security and risk management controls for many years. At the recommendation of our auditors and in an effort to resolve some of these issues, an outside firm was engaged to conduct an independent review of our internal systems. June 2009, MIS received a final report performed by Berry, Dunn, McNeil & Parker, an independent CPA and management-consulting firm. The review was initiated by DHHR management to evaluate compliances related to information security and risk management controls.

WVDHHR/MIS recently acquired a contract for an independent evaluation of MIS Security Policies and Procedures, develop policies and procedures (governance structure) related to the performance of risk analyses, perform physical, and logical access security reviews for RAPIDS and FACTS, and develop policies and procedures related to maintenance of the results of the biennial reviews.

2009–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Finding 2008–55) (continued)

Federal Program Information:

Federal Agency and Program Name	CFDA#
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families Grant Award 75-8-1536	93.558
Medicaid Cluster Grant Award 05-0805WV5028	93.775/93.777/ 93.778
Low-Income Home Energy Assistance (LIHEAP) Grant Award G–070699	93.568
State Children's Health Insurance Program Grant Award 0605WV5021/0705WV5021	93.767
CCDF Cluster Grant Awards 75–8–1515, 75–8–1550	93.575/93.596
Foster Care—Title IV–E Grant Award 75–8–1536	93.658
Adoption Assistance Grant Awards 75–8–1536	93.659
U.S. Department of Agriculture	
SNAP Cluster Grant Award 1WV400401/1WV420451	10.551/10.561

The FACTS application's security framework is structured to support and administer segregation of duties. However, some security assignments are made due to a business need and the DHHR is reviewing alternative solutions in an effort to reduce the level of concern with respect to segregation of duties.

The BCF's payment process and business rules are embedded within the FACTS application. The BCF maintains oversight and management responsibility for any payments to service providers generated from FACTS. To highlight, payments issued from FACTS are reimbursements to providers for services rendered and not benefits to recipients. To facilitate payment control procedures, FACTS generates a report twice a month of payments to providers that are requested and approved by a supervisor. This report is distributed to BCF management.

2009–44 PAYROLL AUTHORIZATION PROCEDURES

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant Award 75-X-1501	

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

Furthermore, management of DHHR is responsible for establishing and maintaining adequate controls related to the approval of payroll for employees of the DHHR.

Condition: We reviewed individual employee payroll cash disbursements during the fiscal year ended June 30, 2009, and noted the following:

- There were 4 instances out of 16 in which the annual leave form was not approved by a supervisor prior to leave date.

Questioned Costs: Unknown

Context: Total federal expenditures for the Child Support Enforcement program for the fiscal year ended June 30, 2009, were $25,130,364. Total payroll expenditures for the Child Support Enforcement program for the fiscal year ended June 30, 2009, were $20,906,585.

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

Effect: Amounts claimed as compensation may not be indicative of the actual hours worked.

Recommendation: We recommend that the DHHR enforce and monitor existing payroll authorization procedures.

Views of Responsible Officials and Planned Corrective Actions: Leave slips for four individuals showed that the written application and the supervisor's written approval occurred after the actual leave date. The Bureau for Children and Families (BCF) agrees with this finding and is focusing attention on the responsibility of supervisors to assure that staff does not take annual leave without prior approval.

It is noted that the three employees of the BCF each had more than 180 hours of accrued Annual Leave at the time the leave was taken and were not in danger of using time that was not earned. The BCF is confident that each obtained verbal or email approval for their leave prior to the time that it was taken.

One of the employees in question is a Managing Field Attorney based in Lewisburg, WV and is supervised by an individual who is based in Keyser, WV. The leave taken was for 1.5 hours to attend a community organization board meeting and it may not have been practical to obtain written approval prior to the time it was taken. Two of the other employees could have and should have obtained approval from another supervisor if their own supervisor was not available and an emergency required them to seek annual leave.

2009–45 DATA RELIABILITY REPORT
(Prior Year Finding 2008–58)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant Award 75-X-1501	

Criteria: The Child Support Performance and Incentive Act allows incentive payments to states based on performance on each of the following performance indicators:

Paternity Establishment Paternity Level

Support Order Performance Level

Current Payments Performance Level

Arrearage Payments Performance Level

Cost-Effectiveness Performance Level

Section 458A(b)(5)(B) of the Act requires that State-reported data used to determine the performance levels are complete and reliable.

Condition: The Administration for Children and Families (ACF) conducted a Modified Data Reliability Audit for fiscal year 2008, for the purpose of determining the reliability of certain performance indicators reported by the West Virginia Department of Health and Human Resources (DHHR). As a result, certain deficiencies were noted in the medical support data lines of the Office of Child Support Enforcement (OCSE) 157 Report. Specifically, lines 2e, 21, and 21a of the OCSE 157 Federal Report contained deficiencies which required corrective action by DHHR.

Questioned Costs: N/A

Context: Total federal expenditures for the Child Support program for the fiscal year ended June 30, 2009, were $25,130,364. Line 2e of the report captures "*Arrears Only – IV–D Cases with Orders Established Open at the End of the Fiscal Year*." Line 21 of the report captures "*Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered*." Line 21a of the report captures "*Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered and Provided*."

Cause: Management indicated that the findings regarding the medical support data were a result of errors in inputting information into the automated OSCAR information system and possible problems with formulas within the system that affect reporting or exclusion of cases.

Effect: Information reported on the OCSE 157 Report may not be reliable to ensure accurate reporting to the federal grantor.

Recommendation: DHHR should implement the recommendations as reported and approved by ACF in their audit report.

2009–45 DATA RELIABILITY REPORT
(Prior Year Finding 2008–58) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant Award 75-X-1501	

Views of Responsible Officials and Planned Corrective Actions:

OCSE's findings in the Data Reliability Audit for FFY 2008 relative to the reliability of Medical Support Data that the Bureau for Children and Families (BCF) reported on its OCSE-157 report for FFY 2008 were made for "Management Purposes Only." No adverse consequences for the Department and the Bureau result from this finding. The Bureau has noted in its prior year responses to a similar finding that no actual standard on Medical Support performance and/or reporting is in effect. The Department believes that it would be imprudent to make a substantial investment in an effort to conform data to reporting requirements that are vague and which are not based on any federal statutory or regulatory authority. When an explicit federal requirement on Medical Support performance is imposed on the IV-D program, the Department will take the necessary actions to properly comply with the reporting requirement.

The Department has been advised by the OCSE in a letter to IV-D Directors dated September 17, 2009 (Dear Colleague Letter, DCL-09-27) that federal auditors "will not review the proposed Medical Support performance indicator lines (Lines 2e, 21, and 21a)" in the audit that will be conducted on IV-D program data that has been reported for FY 2009. This decision has been made by OCSE due to the fact that, in the absence of specific requirements, OCSE cannot expect and require IV-D programs to expend resources to meet a "reporting" requirement that may change when a mandatory reporting standard is implemented.

2009–46 INTERSTATE CASE

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant 75-X-1501	

Criteria: Per 45 CFR section 303.7 (a) (4), the Responding State IV-D agency is required to respond to inquiries from other states within five working days of receipt of the request for a case status review.

Condition: For 1 of the 25 eligible child support cases reviewed during the fiscal year ended June 30, 2009, we noted the following:

- There was no evidence of a response to a request made by the initiating state.

Questioned Costs: Unknown

Context: Total distributions related to this case for the fiscal year ended June 30, 2009, were $214. Total federal expenditures for the Child Support Enforcement program for the fiscal year ended June 30, 2009, were $25,130,364.

Cause: The West Virginia Department of Health and Human Resources (DHHR) appears to have policies and procedures in place for interstate cases but has failed to actively enforce the procedures.

Effect: The DHHR is not in compliance with federal regulations.

Recommendation: We recommend that the DHHR enforce and monitor existing interstate case procedures.

Views of Responsible Officials and Planned Corrective Actions: The Department agrees with the finding that its actions in one case in the Interstate Sample did not comply with a time frame for West Virginia responding to an inquiry from the initiating state requesting information on the status of the case. This noncompliance with a time-frame standard does not subject the Department to federal sanction. It is also important to note that the of compliance exceeds the level that is required by OCSE, the federal funding agency, on the standard on Interstate Services as provided in 45 CFR §303.7 and 45 CFR §308.2(g). The Department's compliance with the standard did not affect the collection and disbursement of support.

The Department has already implemented the proposed Recommendation for corrective action.

2009–47 MEDICAL SUPPORT ENFORCEMENT

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services Child Support Enforcement Grant 75-X-1501	93.563

Criteria: Per 45 CFR section 303.31, the State IV-D agency is required to:

- Petition the court or administrative authority to include private health insurance that is accessible to the child and available to the parent responsible for providing medical support.
- Petition the court or administrative authority to include cash medical support in new or modified orders in instances where private health insurance is not available at the time the order is entered or modified.
- Establish written criteria to identify orders that do not address the health care needs of children.

Condition: We reviewed eligible child support cases during the fiscal year ended June 30, 2009, and noted the following:

- There was 1 instance out of 25 in which there was no evidence of a court order or petition for court order addressing health insurance or medical support.

Questioned Costs: Unknown

Context: The one case represented $2,366 out of a total amount tested of $33,107. Total federal expenditures for the Child Support Enforcement program for the fiscal year ended June 30, 2009, were $25,130,364.

Cause: The West Virginia Department of Health and Human Resources (DHHR) appears to have policies and procedures in place for the enforcement of medical support; however, policies and procedures are not being followed consistently.

Effect: DHHR is not in compliance with federal regulations.

Recommendation: We recommend that the DHHR evaluate current policies and procedures and take steps to ensure policies surrounding enforcement of medical support are being followed consistently.

Views of Responsible Officials and Planned Corrective Actions: The Department agrees with the finding that its actions in one case in the Medical Support sample did not comply with a federal case processing standard relating to its duty to establish a medical support obligation. This noncompliance with a procedural standard does not subject the Department to federal sanction. It is also important to note that the Bureau's level of compliance exceeds the level that is required by the Office of Child Support Enforcement (OCSE), the federal funding agency, on the standard on Securing and Enforcing Medical Support as provided in 45 CFR §303.31and 45 CFR §308.2(e).

2009–47 MEDICAL SUPPORT ENFORCEMENT
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant 75-X-1501	

Further, the child in the case was actually covered by a health insurance policy during the entire audit period, the details of which were entered into the child support data system on August 19, 2008. (The case first opened with the Department on July 14, 2008.) The Department's failure to comply with the Medical Support Establishment standard did not adversely impact medical support coverage of the child in the case nor did it affect the collection and disbursement of support in the case.

The Department has already implemented the proposed recommendation for corrective action.

2009–48 ALLOWABILITY AND ELIGIBILITY
(Prior Year Finding 2008–59)

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–07B1WVLIEA	93.568

Criteria: The eligibility compliance requirements of the 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: We noted the following during a review of 60 benefit payments for eligibility and allowability:

- For 2 of the 60 benefit payments, the LIHEAP application and supporting documentation were not provided by the subrecipient agencies.
- For 4 of the 60 benefit payments, a fuel supplier agreement was either not provided or was not properly completed.
- For 3 of the 60 benefit payments, the required form OFS-67 for LIHEAP emergency payments was not signed by the client or not provided.
- For 1 of the 60 benefit payments, the application form was not properly completed. Income was not listed on application.
- For 1 of the 60 benefit payments, the payment allotted for the client was above the threshold permitted per the LIHEAP payment chart.

Questioned Costs: Unknown

Context: For the two cases which were not provided by the subrecipient agencies, the total benefit payments were $714.00. For the four cases which were missing fuel signed fuel supplier agreements, the total benefit payments were $1,634.05. For the three cases which were missing form OFS-67, the total benefit payments were $1,140.83. For the one case that was not properly completed, the total benefit payments were $244.00. For the one case where the amount allotted for the client was above the threshold permitted per the LIHEAP payment chart, the total benefit payment was $238.00. The total of all benefit payments tested was $15,609.67.

For the four providers (vendors) missing a fuel supplier agreement, the total amount paid to the provider was $13,360.25. The total of all provider payments tested was $1,602,406.98. Total federal expenditures for the LIHEAP program for the fiscal year ended June 30, 2009, were $35,263,185.

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.

2009–48 ALLOWABILITY AND ELIGIBILITY
(Prior Year Finding 2008–59) (continued)

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–07B1WVLIEA	93.568

Recommendation: DHHR should review the current training programs for the LIHEAP program to ensure adequate technical training is provided. Furthermore, DHHR should establish 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: Corrective action plans will be developed, implemented and monitored under the auspice of the Office of the Deputy Commissioner to ensure that policy and practice are followed to maintain accurate records of applications and supporting documentation as justification for the expenditure of federal LIHEAP funds. The status of any corrective action plans will be provided as part of the ongoing progress updates each month for single audit findings.

Central Office LIHEAP Policy staff is responsible for maintaining the original Fuel Supplier Agreements. No Central Register has been maintained on the complete listing of all LIHEAP Vendors to date. Central Office staff will contact all District Offices to provide our staff with a list of Vendors on file at the District Level. Central Office Policy Staff will continue to develop a Central Register for all statewide LIHEAP Vendors and work to keep all agreements filed.

Bureau for Children and Families (BCF) Policy and BCF Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs including LIHEAP. The Department's BCF will continue its efforts to locate all missing documentation.

2009–49 SUBRECIPIENT MONITORING
(Prior Year Finding 2008–60)

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

Criteria: 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.

OMB Circular A–133 requires that a pass-through entity 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 subrecipients' audit period and a management decision on audit findings must be issued within six months after receipt of the subrecipients' audit report.

Management of The Governor's Office Economic Opportunity (GOEO) is also responsible for establishing internal controls that reduce to an acceptable level the risk of noncompliance and/or fraud occurring and not being detected.

Condition: Although the GOEO has developed monitoring procedures for LIHEAP subrecipients, we noted the following:

- Audit report for one of the four subrecipient agencies selected for compliance testing was not received within nine months after the end of the subrecipients' fiscal year.
- Audit report for one of the four subrecipient agencies selected for compliance testing did not have a documented date of receipt, therefore the determination of meeting compliance requirements could not be determined, thus a questioned requirement.
- Supporting documentation of management review of subrecipient A–133 audit reports and subsequent decision on audit findings within six months after receipt of the subrecipient audit reports was not provided for all of the four subrecipient agencies selected for compliance testing.
- The Financial Monitoring log had not been maintained during FY 2009. We received three versions of the log, in various stages of completion, from GOEO personnel. The Programmatic/Field Monitoring log had not been maintained during FY 2009. We received two versions of the log, in various stages of completion, from GOEO personnel.
- We noted two of the four subrecipients selected for Programmatic monitoring testing purposes did not provide responses to GOEO issues identified within the required time frame.

2009–49 SUBRECIPIENT MONITORING
(Prior Year Finding 2008–60) (continued)

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

- We noted that one of the four subrecipients selected for field monitoring testing purposes did not provide responses to GOEO issues identified within the required time frame.
- We noted that two of the four subrecipients selected for field monitoring testing purposes did not resolve their findings and continue to have open issues.
- GOEO personnel could not provide support (checklists, etc.) to document completion of financial review for all of the four subrecipients selected for testing purposes. However, two of the subrecipients' financial statements contained notes made by GOEO personnel indicating that a review was performed.
- For the only subrecipient whose financial statements referenced a separate management letter, the management letter was not provided for testing purposes.

Questioned Costs: Unknown

Context: Total awards to subrecipients for the LIHEAP program for fiscal year ended June 30, 2009, were $3,617,065.

Cause: The GOEO does have formalized procedures in place for the monitoring of subrecipients. However, due to GOEO personnel turnover during the fiscal year, these procedures were not always able to be followed by the GOEO auditor.

Communication between the subrecipient agency and the GOEO regarding approval of an extended due date for submission of the agency's audited financial statements was documented; however, due to unforeseen circumstances involving subrecipient management turnover, the audit report(s) were not submitted by the extended due date.

Effect: The inability of the GOEO to obtain the required audit(s) from the subrecipient agencies could result in the GOEO being 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. Also, the inability of the GOEO to maintain the financial review documentation of audit finding(s) and subsequent follow-up with subrecipients makes them in direct noncompliance with applicable requirements.

Recommendation: The GOEO took the necessary steps to obtain the required audits. The GOEO should continue to follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that required audits are completed in a timely manner, submitted to the Federal Clearinghouse, and that all identified audit findings are resolved in a timely manner.

2009–49 SUBRECIPIENT MONITORING
(Prior Year Finding 2008–60) (continued)

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

Views of Responsible Officials and Planned Corrective Actions:

GOEO is continuing to implement new tools and processes with regard to our monitoring protocol. We also plan to add additional staff to assist in conducting more timely and through reviews of individual sub-grantees. In addition, we are beginning to address training issues related to grants management, financial tracking and reporting, internal controls, etc. in the past we have focused on quality of field work in regard to training and technical assistance. As a part of our improved monitoring techniques we will provide follow-up technical assistance to address any issues encountered as a part of monitoring and agencies will be held accountable. Example: effective April 1, 2010 agencies found in non-compliance in regard to lead testing will be required to have all staff who worked on a home that was not properly tested for lead or that did not follow proper procedures for lead removal have all crew members tested for lead with a blood level test at the agencies' expense. We will implement similar measures as findings are found at the sub-recipient level as appropriate.

2009–50 DISASTER RECOVERY PLAN
(Prior Year Finding 2008–61)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Care Cluster	93.596/93.575
	Grant Award 75-9/0-1516	
	Grant Award 75-9-1550	
	Grant Award 75-9-1515	

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 necessary for the operation of its federal and state programs; however, DHHR has not developed policies and procedures including appropriate contract language to ensure that these service providers have adequate disaster recovery procedures in place.

Questioned Costs: N/A

Context: Total disbursements for the Child Care Cluster for fiscal year ended June 30, 2009, were $31,168,030.

Cause: Service providers who maintain certain critical records for the processing of allowability and eligibility of child care 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: The DHHR should 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: The West Virginia Department of Health and Human Resources, Bureau for Children and Families in conjunction with the Child Care Resource and Referral (CCR&R) agencies who maintain certain critical records for the processing of allowability and eligibility of Child Care payments have made progress in the development and implementation of adequate disaster recovery plans.

Three of the six Child Care Resource and Referral agencies in West Virginia are piloting a document management system that allows for critical documents identified by the Bureau's Division of Early Care and Education as necessary to determine allowability and eligibility of child care payments to be scanned at the time of application/renewal. The document management system would then merge that information with all the computer-generated documentation and create a permanent file for the client. The system also provides for off-site storage of files for disaster recovery purposes.

2009–50 DISASTER RECOVERY PLAN
(Prior Year Finding 2008–61) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Care Cluster	93.596/93.575
	Grant Award 75-9/0-1516	
	Grant Award 75-9-1550	
	Grant Award 75-9-1515	

The Bureau will modify its grant requirements to require the remaining three CCR&R agencies to adopt similar document imaging systems that:

- Convert all paper documents to electronic images stored on a server with copies stored at an off-site location for disaster recovery purposes;
- Protect data from being viewed by unauthorized individuals;
- Provide for off-site access and access by staff in the Division of Early Care and Education for audit and quality assurance purposes, including improper payments and single agency auditing;
- Ensures data is quickly accessible and can be searched quickly by client name and full document text;
- Easily correlate to DHHR's selected software, Microsoft Office, to ensure ease of implementation;
- Offer options for reports, archive, and purging of documents based on DHHR and CCR&R policies; and
- Are annually reviewed for completeness and effectiveness, with any change in operational procedures reported within 30 days.

Additional funding will be provided to the remaining grantees to purchase the necessary equipment and software and ongoing costs will be included in the operating budgets of all six agencies.

2009–51 SUBRECIPIENT CASH MANAGEMENT
(Prior Year Finding 2008–62)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Care Cluster	93.575/93.596
	Grant Award 75-9-1550	
	Grant Award 75-9/0-1516	
	Grant Award 75-9-1515	

Criteria: Office of Management and Budget (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. Furthermore, OMB Circular A–133 requires interest earned by subrecipients on federal cash draws to be remitted to the appropriate agency in a timely manner.

Condition: The West Virginia Department of Health and Human Resources (DHHR) maintains two methods of transferring funds to subrecipients: reimbursing actual expenditures and making scheduled payments. We reviewed two subrecipients to which advance payments were made during the fiscal year ended June 30, 2009, and noted that actions were not taken on either subrecipient to minimize the time elapsing between the transfer of funds and disbursement by the subrecipient.

Questioned Costs: Unknown

Context: Total disbursements for the Child Care Cluster for fiscal year ended June 30, 2009, were $31,168,030. Total disbursements to subrecipients of Child Care Cluster for fiscal year ended June 30, 2009, were $9,811,084. All of the subrecipient disbursements are based on scheduled payments instead of on the reimbursement basis.

Cause: DHHR has policies and procedures in place to address excess cash on hand or earned income (interest) for the Child Care Cluster subgrants; however, DHHR has failed to actively enforce the procedures.

Effect: Subrecipients potentially may have excess federal cash on hand and may not be remitting interest earned on the excess federal cash to DHHR; therefore, DHHR may be in noncompliance with the federal rules and regulations regarding cash management.

Recommendation: We recommend that DHHR enforce and monitor existing policies and procedures to ensure that adequate monitoring of federal cash on hand with subrecipients exists and ensure that interest earned on excess federal cash on hand is remitted back to DHHR.

Views of Responsible Officials and Planned Corrective Actions: DHHR has some procedures in place to monitor subrecipient cash management. Subrecipients are required to submit quarterly, and in some cases monthly, expenditure reports. These expenditure reports are reviewed before invoices are approved and invoiced amounts may be changed if expenditures are not meeting projections in order to prevent the subrecipient from accumulating excess cash. Additionally, Policy 3801 includes a checklist questionnaire that addresses the monitoring of cash management which cites the federal regulations.

However, DHHR will review policies and procedures and look for ways to better address monitoring of subrecipients' cash on hand to ensure the potential for a grantee to earn interest is minimized.

2009–51 SUBRECIPIENT CASH MANAGEMENT
(Prior Year Finding 2008–62) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Child Care Cluster	93.575/93.596
	Grant Award 75-9-1550	
	Grant Award 75-9/0-1516	
	Grant Award 75-9-1515	

For FY 2010, DHHR has reviewed the Cash Management Act with contract specialists to assure that all understand the need to minimize the time that lapses between the subrecipient's drawdown and disbursement of those funds. We are more carefully reviewing expenditure reports and reducing invoices or requiring the grantee to return any overpayments in the same quarter the funds are received. The director is also reviewing expenditure reports to assure employees are appropriately reducing invoices. Payment for the next quarter will not exceed the expenditures for the preceding quarter.

In addition, a work group has been established to look at the issue of cash management and interest earned to develop guidance for spending units.

2009–52 ELIGIBILITY REQUIREMENTS
(Prior Year Finding 2008–63)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Foster Care—Title IV–E	93.658
	Grant Award 75–7–1545	
	Grant Award 75–8–1545	

Criteria: The eligibility compliance requirements of the Foster Care—Title IV–E program requires 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:

- Two cases did not have documentation supporting a timely redetermination.

Questioned Costs: $2,121

Context: The exception (2 of 60 cases) represents $2,121 out of a total of $140,410 in total payments tested for eligibility. Total federal expenditures for the Foster Care program for the fiscal year ended June 30, 2009, were $36,710,546.

Cause: DHHR indicated that lack of timely redeterminations is due to oversight by a caseworker.

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

Recommendation: DHHR should review the current staffing and training programs of the Foster Care—Title IV–E 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 FACTS, such as verifying that information entered into the FACTS system is accurate.

Views of Responsible Officials and Planned Corrective Actions: The formal review process for performing redeterminations, with adequate checklists, has been in place for many years. Whenever the review is performed beyond the 12-month cycle, the entire period since the previous initial or redetermination is examined for inappropriate IV-E claims. If any claims are found to be in error due to some change in the state of documentation, adjustments are made to rectify the error; therefore, it is almost impossible for federal funding claimed inappropriately to remain claimed.

The full automated IV-E determination and redetermination process has been in effect in the FACTS system since 2005. This automated process will render an initial determination and perform a continuous redetermination of the foster care case based upon information entered into the system by the field/Title IV-E staff. Statewide training is provided to all field staff to ensure adequate knowledge to enable them to enter the requisite information, and Title IV-E specialists review all documentation to ensure that the initial determination is accurate.

2009–53 ALLOWABILITY AND ELIGIBILITY

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Foster Care—Title IV-E	93.658
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

Criteria: Section 471 (a)(11) of the Foster Care Act mandates that the State must review at reasonable, specific time periods the amount of the payment made for foster care maintenance and adoption assistance to assure their continued appropriateness.

Condition: Changes in the status of Foster Care clients are not always updated in the Family and Children Tracking System (FACTS) computer system prior to the automatic processing of foster care payments. Furthermore, changes in the status of foster care clients are not always updated and reviewed for appropriateness in the FACTS computer system prior to the automatic processing of foster care payments.

Questioned Costs: Unknown

Context: Retroactive claims adjustments during the fiscal year ended June 30, 2009, amounted to increased claims of approximately $3,844,945 for children found to be eligible and decreased claims of approximately $3,997,411 for overpayments to children found to be ineligible. Total federal expenditures for the Foster Care program for the fiscal year ended June 30, 2009, were $36,710,546.

Cause: Payments are established in the FACTS computer system to automatically process when foster care payments are processed; however, due to the staff limitations, the West Virginia Department of Health and Human Resources (DHHR) has been unable to ensure that all checks processed by the FACTS computer system are approved by a field staff worker prior to issuance of the check.

Effect: Foster families could be overpaid or underpaid with federal monies for foster care services provided and such overpayments or underpayments may not be retroactively corrected in a timely manner.

Recommendation: DHHR should review the current staffing and training programs of the Foster Care—Title IV–E 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 FACTS, such as verifying that information entered into the FACTS system is accurate.

2009–53 ALLOWABILITY AND ELIGIBILITY
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Foster Care—Title IV-E	93.658
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

Views of Responsible Officials and Planned Corrective Actions: Bureau for Children and Families management has instituted a review process whereby a report is generated in FACTS on the first of every month. This report shows all the automatic payments that will be made on the fifth working day of the month that have not been reviewed and/or approved. The workers whose responsibility it is to review and/or approve the automatic payments have access to this report. They have until the fourth working day of the month to make any updates and/or changes to the placements before the automatic payment is made. After the automatic payment is made, the report is run again and sent to the Regional Directors (RD) for review. The RDs use this report to determine the workers who are not reviewing/approving the automatic payments. These workers are then reminded of policies and procedures. Since inception of this report, the size of the report has decreased greatly.

2009–54 ELIGIBILITY DOCUMENTATION

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

Criteria: Title 42 of the U.S. Code, Chapter 7, Subchapter IV, Part E §673 Adoption Assistance Program states that a child must be "removed from the home of a relative specified in section 606 (a) of this title (as in effect on July 16, 1996) and placed in foster care in accordance with a voluntary placement agreement with respect to which Federal payments are provided under section 674 of this title (or section 603 of this title, as such section was in effect on July 16, 1996), or in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child…" to be Title IV-E eligible.

Condition: One of the 60 cases tested for eligibility lacked the contrary to the welfare language in the initial removal order. The child was marked "not eligible" in the Family and Children Tracking System (FACTS) payment system but the child's Adoption Assistance payment was paid from Title IV-E funds.

Questioned Costs: $3,000

Context: The 1 instance (1 of 60 case files) represents $600 out of a total of $33,105 in total payments tested for eligibility. The total paid for the child that was unallowable costs was $3,000. Total payments for individual payments (this is a subset of the program expenditures) for the Adoption Assistance program were $15,908,159 for the year ended June 30, 2009.

Cause: When an Adoption Assistance claim is processed, it must complete the determination process and then the retroactive reconciliation process. Incorrect data was entered for this case in a particular month. The determination process concluded that the claim was eligible (due to the incorrect data) and flagged the past months for retroactive payment. The case worker noticed the error in the system and corrected the data, causing the correct determination of ineligible. There was a breakdown in the retroactive reconciliation process. This case was ignored in the reconciliation process and the funds paid from Title IV-E were not returned to the Federal Government.

Effect: When the child's determination outcome was originally processed as "eligible" the assistance payments were paid with Title IV-E funds. When the determination outcome was corrected to "not eligible," the claim was not automatically corrected through the retroactive-reconciliation procedure, so the funds paid from Title IV-E were not returned to the Federal Government.

Recommendation: The West Virginia Department of Health and Human Resources (DHHR) should establish policies and procedures to ensure that the FACTS eligibility determination is accurate and that assistance payments are made from the correct funds. DHHR should work with the programming staff at FACTS to ensure that the retroactive reconciliation process is working accurately.

2009–54 ELIGIBILITY DOCUMENTATION
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

Views of Responsible Officials and Planned Corrective Actions: Title IV-E Program Staff had the FACTS staff investigate the set of payments for this client that were not picked up by the retro-recon procedure. It appears to be a one-time occurrence related to the data elements for the specific client. We (WVDHHR-BCF) will complete a manual reconciliation to correct the claim.

2009–55 ELIGIBILITY DOCUMENTATION
(Prior Year Finding 2008–64)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

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). A Child Summary or Title IV Eligibility form must be completed as part of the preliminary adoption process as well.

Condition: Three of the 60 cases reviewed for eligibility did not have a Final Adoption Decree. Five of the 60 cases reviewed for eligibility did not have a signed Adoption Placement Agreement available in the case file. One of the 60 cases reviewed did not have the Adoption Assistance Agreement. Two of the 60 cases reviewed did not have a Consent Form. One of the 60 cases reviewed did not have a child summary or Title IV-E eligibility form. In 1 of the 60 cases reviewed, the Adoption Placement Agreement was present but was not properly signed by the social worker that completed it. In 1 of the 60 cases reviewed, the Adoption Assistance Agreement was not signed by the adoptive parents or the Adoption Assistance program's Regional Director.

Questioned Costs: $5,335

Context: The 7 instances (10 of 60 case files) represent $5,335 out of a total of $33,105 in total payments tested for eligibility. Total payments for individual payments for the Adoption Assistance program were $15,908,159 for the year ended June 30, 2009.

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 claim could not be located. Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

Recommendation: The DHHR should 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.

2009–55 ELIGIBILITY DOCUMENTATION
(Prior Year Finding 2008–64) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

Views of Responsible Officials and Planned Corrective Actions: DHHR has implemented a check-off list for staff to use to ensure that all necessary forms and signatures have been obtained. When adoption records are forwarded to the State office, the file is reviewed to be sure all information is included. DHHR will stress to the staff the importance of ensuring that all documents are included in the case file and that all forms are signed and dated. However, the cases in this finding were cases from before the implementation of these procedures. DHHR staff is unable to correct deficiencies in case files that had been completed before the implementation of the new procedures.

2009–56 ELIGIBILITY

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	State Children's Health Insurance Program (SCHIP)	93.767
	Grant Award 0805WV5021	
	Grant Award 0905WV5021	

Criteria: The West Virginia Income Maintenance Manual states that a child is eligible for WVCHIP if the following condition is met:

- "The child does not have individual or group health insurance coverage."

Condition: We reviewed disbursements during FY 2009 and noted the following:

- 1 payment out of 60 was made on behalf of a child with PEIA health insurance coverage

Questioned Costs: Total expenditures for the child during FY 2009 were $203.53.

Context: Total federal expenditures for the SCHIP program were $37,406,406 for the year ended June 30, 2009.

Cause: SCHIP appears to have sound policies and procedures in place to address eligibility; however, has failed to actively enforce the procedures.

Effect: Federal expenditures were spent on a child that was ineligible for SCHIP coverage.

Recommendation: We recommend that SCHIP enforce and monitor existing policies and procedures surrounding eligibility determination.

Views of Responsible Officials and Planned Corrective Actions: Children whose parents are eligible to participate or are enrolled in the State employees' insurance – PEIA – are not eligible for WVCHIP, with some exceptions. For the $203.53 payment on behalf of the child referenced within this finding, the child's mother worked part-time at a county board of education (part-time employees do not have access to PEIA coverage). While not yet confirmed with DHHR county office workers, it is believed that sometime during the continuous eligibility period, the child's mother switched to full-time employment, which would have provided her with access to PEIA, yet the matter was not caught during the redetermination process. Because of this, WVCHIP has established a "post"-enrollment review to compare CHIP enrollment files to active PEIA enrollees. A listing of potential duplicates is forwarded to the WVCHIP office. The list is reviewed and county offices are notified to close cases when necessary. This is a manual process and sometimes payments are made prior to the error being identified. WVCHIP will assure timely review of these lists.

2009–57 ALLOWABLE COSTS
(Prior Year Finding 2008–67)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/
	Grant Award 05–0605WV5028	93.778

Criteria: The West Virginia Department of Health and Human Resources (DHHR) is required to set payment rates for the services billed by county school boards.

Condition: There was an error in the rate calculation for school-based services which resulted in overpayments to the county school boards. DHHR is in process of determining the amount of the error in the rate calculation, so the amount of the provider overpayments has not yet been quantified. This matter is also being investigated by Centers for Medicare and Medicaid Services (CMS) and the Office of Inspector General (OIG).

As of the date of our fieldwork, DHHR had reimbursed the U.S. Department of Health and Human Services (USDHHS) for the 2006 overcharges; however, the 2001 through 2005 charges had not been settled with USDHHS. Furthermore, fiscal years 2007 through 2009 are still subject to review.

The OIG issued the report in April 2009 on the "Review of Timeliness of West Virginia's Retroactive Claims for Medicaid School Based Service." The report sites Section 1132(a) of Title XIX of the Social Security Act, limiting federal payment to claims for expenditures that are filed "within the two-year period which begins on the first day of the calendar quarter immediately following such calendar quarter (in which the expenditure was made." The report sites amounts of the claim that fell outside the two-year claiming period. The CMS concurred with the OIG findings and issued a disallowance in January 2010.

Questioned Costs: Unknown

Context: The total financial impact of the calculation error rate is estimated to be $1,811,089 for the fiscal year ended June 30, 2001, $3,034,609 for the year ended June 30, 2002, $2,414,744 for the year ended June 30, 2003, $2,827,357 for the year ended June 30, 2004, and $2,800,000 for the year ended June 30, 2005. The financial impact for fiscal years 2007 through 2009 is unknown. DHHR continues to adjust the claims in the current years but is unaware of whether or not the rates are correct because the OIG report on the rates is still outstanding.

According to the OIG report, "the State agency did not fully comply with Federal requirements for an exemption to the two year limit for filing retroactive claims." The Medicaid Program claimed $4.1 million (Federal share) outside of the filing window. Of this amount OIG states, "$2.3 million (Federal share) related to new cost components that were not in the original rates used to compute the Federal reimbursement for past services and did not reflect the settlement of previously identified costs." The OIG states these costs are unallowable. The remaining $1.8 million met the requirements for an exemption. Total federal expenditures for the Medicaid program during the fiscal years ended June 30, 2009 totaled $1,946,867,837; June 30, 2008, totaled $1,695,839,027; June 30, 2007 totaled $1,550,239,319; and for June 30, 2006 totaled $1,591,654,314.

2009–57 ALLOWABLE COSTS
(Prior Year Finding 2008–67) (continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/
	Grant Award 05–0605WV5028	93.778

Cause: Management indicated that the consultant hired to assist with the rate calculation made an error when calculating the appropriate rate for school-based services and did not take into consideration the procedural issues identified above.

Effect: The errors resulted in overpayments to the county school boards.

Recommendation: We recommend that DHHR determine the proper rates that should have been paid for school-based services. Once the proper rate has been determined, we recommend that DHHR adjust the current rates for those services, recoup the overpayments from the county school boards, and refund the federal government the applicable portion of any overpayments. Management should address the CMS and additional OIG reports when received, with the appropriate corrective action.

Views of Responsible Officials and Planned Corrective Actions: The DHHR appealed the CMS disallowance. When additional decisions are rendered, the DHHR will work with CMS to rectify any outstanding issues.

2009–58 PROVIDER ELIGIBILITY DOCUMENTATION

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/93.778
	Grant# 05-0905WV5048	
	Grant# 05-0905WV5028	
	Grant# 05-0805WV5028	
	Grant# 05-0705WV5028	
	Grant# 05-0705WV5048	
	Grant# 05-0905ARRA	

Criteria: 42 CFR 431.107 indicates that the State must establish and maintain an agreement between the Medicaid agency and each provider or organization furnishing services under the plan. A valid license must be current and on file with the Medicaid Program. The Medicaid agreement must comply with 42 CFR 455 Subpart B – Disclosure of Information by Providers and Fiscal Agents. The plan must implement sections 1124, 1126, 1902(a)(38), 1903(i)(2), and 1903(n) of the Social Security Act. It sets forth State plan requirements regarding – (a) Disclosure by providers and fiscal agents of ownership and control information; and (b) Disclosure of information on a provider's owners and other persons convicted of criminal offenses against Medicare, Medicaid, or the Title XX services program. The subpart also specifies conditions under which the Administrator will deny federal financial participation for services furnished by providers or fiscal agents who fail to comply with the disclosure requirements.

Condition: We reviewed 25 providers for eligibility and noted that one provider did not have an agreement or valid license on file.

Questioned Costs: $7,800

Context: The one exception (1 of 25 cases) represents $7,800 out of a total of $2,348,457 in total payments tested for eligibility. Total federal expenditures for the Medicaid program for the year ended June 30, 2009, were $1,946,867,837.

Cause: The provider file was not available for testing because the third-party fiscal agent could not locate the documentation in their files.

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

Recommendation: The West Virginia Department of Health and Human Resources (DHHR) should review policies and procedures with their staff regarding the maintenance of files. The importance of obtaining and maintaining required, current documentation should be stressed.

Views of Responsible Officials and Planned Corrective Actions: The Bureau for Medical Services is currently conducting an ongoing review of all providers by comparing the HealthPAS provider record to the documentation maintained in the Provider Encounter Tracking System (PETS). If a discrepancy is noted, the fiscal agent is notified and asked to research and/or correct the issue. Upon notification by the fiscal agent that the discrepancy is corrected within both systems, Bureau staff reviews the provider

2009–58 PROVIDER ELIGIBILITY DOCUMENTATION
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/93.778
	Grant# 05-0905WV5048	
	Grant# 05-0905WV5028	
	Grant# 05-0805WV5028	
	Grant# 05-0705WV5028	
	Grant# 05-0705WV5048	
	Grant# 05-0905ARRA	

files again. The Bureau for Medical Services is also in the process of completing comprehensive reviews by provider type in an effort to assure provider records are complete. If a specific provider type is found to have several deficiencies in their enrollment, then the Bureau is pursuing reenrollment of that provider type. In addition, the Bureau has instructed its fiscal agent to perform monthly quality checks of enrollment and to take corrective action when problems are discovered. Upon notification by the fiscal agent that the discrepancy is corrected, Bureau staff reviews the provider files to ensure that the issue found has been resolved.

2009–59 ALLOWABILITY AND ELIGILBILITY

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/93.778
	Grant# 05-0905WV5048	
	Grant# 05-0905WV5028	
	Grant# 05-0805WV5028	
	Grant# 05-0705WV5028	
	Grant# 05-0705WV5048	
	Grant# 05-0905ARRA	

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

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

Controls over exception reporting should be suitably designed and operating effectively to ensure that significant State applications do not contain inaccurate data. In order to execute this control, there should be logic within the system to identify and report exceptions that occurred during data input. Once exceptions have been identified by this report, appropriate follow-up steps need to be implemented and documented to show that the issue identified was resolved.

Condition: The DHHR has a third-party fiscal agent that is dedicated exclusively to supporting Medicaid processing for the State of West Virginia. As noted in the SAS 70 report dated August 10, 2009, covering the period from October 1, 2008 to June 30, 2009, claims that are auto-adjudicated through use of the Health PAS application can result in a "pend" status. Claims resolution personnel follow procedures to review and manually adjudicate claims placed in a "pend" status; however, QA procedures were not performed by the fiscal agent to verify that manually adjudicated claims were adjudicated accurately. This results in the following control objective not being achieved: "Controls provide reasonable assurance that Medicaid claims contain complete and valid data, are not duplicated, deleted, or modified, and are adjudicated accurately and timely."

Questioned Costs: N/A

Context: With no control over claims that are placed in a "pend" status during the adjudication process, the risk is that some exceptions could occur and not being caught and corrected.

Cause: The third-party fiscal agents' personnel did not perform adequate Quality Assurance (QA) procedures over the manual claims adjudication process on a weekly basis and document review results.

2009–59 ALLOWABILITY AND ELIGIBILITY
(continued)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA#**
	U.S. Department of Health and Human Services	
	Medicaid Cluster	93.775/93.777/93.778
	Grant# 05-0905WV5048	
	Grant# 05-0905WV5028	
	Grant# 05-0805WV5028	
	Grant# 05-0705WV5028	
	Grant# 05-0705WV5048	
	Grant# 05-0905ARRA	

Effect: The deficiency noted in the controls over claim adjudication process could result in inaccurate data being processed, which ultimately over/underpay Medicaid claims.

Recommendation: DHHR should continue to communicate with Unisys on the importance of having adequate controls in place. DHHR should also design mitigation control procedures to properly address deficiencies identified in Unisys control process.

Views of Responsible Officials and Planned Corrective Actions: The finding was the result of unplanned medical leave which limited the fiscal agent's staffing available to manage the pended claim inventory. Once the issue was identified, the fiscal agent immediately put a plan of action in place to address the finding. Three additional QA staff members have been added to the Quality Assurance unit and each has been cross-trained in completing these audits. Additionally, a review was performed of claims processed during the period noted and all were found to have been processed correctly.

Currently, efforts are underway to automate this process and eliminate the need for manual intervention. As an additional measure, the fiscal agent produces a monthly report that lists 50 random claims of each provider type processed within the month. That report is audited on a monthly basis.

To mitigate the risk of this issue recurring, the Bureau will add the review of pended claims function to the Bureau's MITA Report Card. The Medicaid Management Information Systems (MMIS) staff will develop the metrics for this function, add it to the report card, and have the fiscal agent report on this function at the monthly MITA Report Card meeting.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-30 **UNCASHED STALE-DATED STATE CHECKS**
2007-31 **Overall State**
2006-8 **Not Resolved**
2005-13
2004-23
2003-22
2002-14
2001-9

The WV State Treasurer's Office feels that with the updated procedures and agency training, this will not be an issue again next year. See current year finding 2009-10.

2008-31 **SCHEDULE OF EXPENDITURES OF FEDERAL**
2007-32 **AWARDS**
2006-9 **Overall State**
2005-14 **Partially Resolved**
2004-72
2003-71

Grants are handled by individual agencies. FARS will work with the Governor's Office to communicate the need for timeliness and accuracy of grant reporting. Legislation with sanctions for failure to submit information has been suggested and written, but not yet introduced to the legislature. FARS plans to continue to stress the need for this legislation. See current year finding 2009-11.

2008-32 **RECERTIFICATION**
Department of Health and Human Resources
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-33 **FEDERAL REPORTING**
Department of Health and Human Resources
Resolved

Corrective action taken in FY 2009.

2008-34 **PROGRAM INCOME INTERNAL CONTROLS**
Department of Natural Resources (DNR)
Partially Resolved

The DNR has implemented additional procedures in an effort to resolve this finding.

2008-35
2007-36
2006-13
2005-23
SUBRECIPIENT MONITORING – AUDIT REPORTS
Workforce West Virginia
Resolved

Corrective action taken in FY 2009.

2008-36
2007-37
2006-14
2005-24
SUBRECIPIENT MONITORING – ON-SITE MONITORING
Workforce West Virginia
Resolved

Corrective action taken in FY 2009.

2008-37 **US DEPARTMENT OF LABOR AUDIT REVIEW**
Workforce West Virginia
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-38 **INFORMATION SYSTEM CONTROLS**
2007-39 **Department of Transportation**
2006-22 **Partially Resolved**
2005-32
2004-16
2003-16
2002-7
2001-6

The Department of Highways is communicating with the WVOT and plans to release a Request for Quotation to correct the problem. See current year finding 2009-21.

2008-39 **PAYROLL AUTHORIZATION PROCEDURES**
2007-42 **Department of Transportation**
Division of Highways (DOH)
Partially Resolved

The DOH will monitor and enforce existing payroll authorization procedures. The State Highway Engineer has issued a memo of guidance and this matter has been discussed at agency meetings during the past fiscal year. See current year finding 2009-22.

2008-40 **MISAPPLICATION OF FEDERAL HIGHWAYS EMERGENCY RELIEF FUNDS**
Department of Transportation
Division of Highways
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-41 **INVENTORY PROCESS AND PROCEDURES**
Department of Transportation
Division of Highways
Resolved

Corrective action taken in FY 2009.

2008-42 **SUBRECIPIENT MONITORING – POLICES AND**
2007-44 **PROCEDURES**
2006-23 **Department of Transportation (DOT)**
2005-33 **Partially Resolved**

The DOT is in the process of filling the Accountant/Auditor I Position. Site monitoring of all grantees is being scheduled and each visit will be documented. The audited financial statements of prior year for the required entities will be obtained and reviewed by the Governors Highway Safety Program.

2008-43 **NONCOMPLIANCE WITH AUTHORIZED FUNDING**
2007-43 **TECHNIQUES**
2006-18 **Department of Transportation**
2005-27 **Resolved**
2004-36

Corrective action taken in FY 2009.

2008-44 **STUDENT STATUS CHANGES**
Bluefield State College (BSC)
Partially Resolved

BSC has attended several training sessions in recent months and have fully implemented all services available that will allow for additional tracking of students. See current year findings 2009-33 and 2009-37.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-45
2007-45

SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS AND STUDENT DEFERMENTS
Bluefield State College
Partially Resolved

BSC and New River Community and Technical College are committed to adhering to federal regulations and guidelines and continue to work toward this goal. See current year finding 2009-35.

2008-46

FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
Bluefield State College
Not Resolved

At the time of filing the FISAP in September the data submitted was correct; however, after the September deadline, the data changed for different reasons. The data was corrected and re-submitted timely by the December 15th deadline. See current year findings 2009-34 and 2009-38.

2008-47

INTERNAL CONTROL – BANK RECONCILIATION AND PROGRAM INCOME
Student Financial Assistance Programs Cluster
Resolved

Corrective action in FY 2009.

2008-48

SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSIONS AND RECONCILIATION
Fairmont State University
Resolved

Corrective action taken in FY 2009. The loan disbursement data transmissions for reconciliation are now being retained and are available for auditors to review.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-49 **SUBRECIPIENT CASH MANAGEMENT**
2007-48 **Department of Education**
2006-33 **Not Resolved**
2005-37
2004-41
2003-46
2002-50

Draws and related disbursements are performed exclusively on a reimbursement basis in order to preclude interest accruals. However, procedures will be put in place to substantiate that due diligence was shown to verify that subrecipient cash was needed when requested. When an accountant in the Office of Internal Operations receives notification of subrecipient requests, he/she will check the on-line WVEIS module system that was implemented in April of 2008 to verify that there is a need for funds. The need, or failure of need, will be noted on the document requesting the funds. If a need is not indicated, correspondence will occur between the subrecipient indicating that the requested amount will be denied. After all documents are printed for each request, a second accountant in the Office of Internal Operations, will enter the requested amounts into the WVFIMS system for payment. Finally, a third accountant in the Office of Internal Operations will scan the documents into our system for file storage. The documents will then be transferred to the Auditor's office for payment. See current year finding 2009-39.

2008-50 **SUBRECIPIENT MONITORING**
2007-49 **Department of Education**
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-51 **MATCHING REQUIREMENTS**
2007-51 **Department of Health and Human Resources**
Partially Resolved

The Bureau for Public Health will require third parties to add a statement that certifies that in-kind contributions are not used towards cost-matching requirements of other federal grants. The match will also be tested during programmatic monitoring.

2008-52 **SUBRECIPIENT MONITORING**
2007-52 **Department of Health and Human Resources**
2006-35 **Partially Resolved**
2005-42
2004-48
2003-51

The Bureau for Public Health began the process of centralizing all financial activity in State Fiscal Year 2008, which included a Compliance and Monitoring component. In State Fiscal Year 2009, the Compliance and Monitoring unit continued evaluating the checklist that was put in place in 2008 and developing additional policies and procedures to ensure that subrecipients are sufficiently monitored.

2008-53 **SUBRECIPIENT CASH MANAGEMENT**
2007-53 **Department of Health and Human Resources (DHHR)**
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-54 **ELIGIBILITY**
2007-55 **Department of Health and Human Resources**
2006-38 **Partially Resolved**
2005-45
2004-52
2003-55
2002-56

DHHR's policy, WV Income Maintenance Manual Chapter 15, Section 15.6, addresses how DHHR Case Managers must handle positive statements when customers indicate former residency in another state. The worker must contact the state(s) to determine whether the customer received TANF benefits (as well as other types of benefits). If the customer received TANF benefits, the information is entered on RAPIDS screen for tracking purposes and counts against the 60-month limit. The only way DHHR can determine whether or not a customer received benefits in another state is when the customer divulges residency in another state. If the customer does not divulge that information, DHHR would be unaware.

Although DHHR is now participating in PARIS (Public Assistance Reporting Information System), and some instance would be found, it is not believed that this system will completely resolve the problem of determining 60-month eligibility. See current year finding 2009-40.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-55 **INFORMATION SYSTEM CONTROLS**
2007-54 **Department of Health and Human Resources**
2006-37 **Partially Resolved**
2005-44
2005-60
2004-50
2003-63
2002-61

DHHR continues to look at department wide security efforts as a whole. Some changes have been made to processes, regarding each of the systems individually to deal with security efforts and it is still DHHR's intent for an outside entity to perform an external review of DHHR's internal systems. The contract for this work was just awarded.

DHHR is also in the process of developing policies and procedures to comply with the A-133 Compliance Supplement related to the performance of periodic risk assessments and biennial security reviews of the RAPIDS and FACTS systems. Management will review and enhance the policies and procedures to ensure that appropriate measures are being taken to follow up on application level and other IT dependent controls. Additionally, documentation will be kept as procedures are performed. See current year finding 2009-43.

2008-56 **PAYROLL AUTHORIZATION PROCEDURES**
Department of Health and Human Resources
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-57 **FEDERAL EFFICIENCY STANDARDS**
2007-57 **Department of Health and Human Resources**
2006-40 **Resolved**
2005-48
2004-54
2003-59

Corrective action taken in FY 2009.

2008-58 **FEDERAL REPORTING – DATA RELIABILITY REPORT**
2007-58 **Department of Health and Human Resources**
Partially Resolved

The Federal Office of Child Support Enforcement's (OCSE) Audit Report on the 2007 Data Reliability Audit of the Bureau for Child Support Enforcement (Bureau) noted that no major deficiencies were found relative to the Bureau's data that is used to determine the cost-effectiveness performance indicator. It should be noted that DHHR's receipt of the Final Report on the 2007 Data Reliability Audit should be considered as official notification of the reliability of the data for the 2007 reporting period.

The audit report did make a management finding on the data reported on three other lines of the OCSE-157 Report relating to medical support obligations and their enforcement. OCSE expects but has not yet developed an official performance standard to which incentive or penalty funding is attached. There is no adverse consequence to the Bureau as a result of the Management Finding. With no official standard promulgated, the Bureau is not certain as to exactly what corrective steps will ultimately be relevant and required in order for it to report this data in a reliable manner. However, the Bureau has made a focused effort in training, oversight, and changes to automated support to address the issues which have contributed to this Management Finding. The Bureau will continue to evaluate the way it processes and maintains data

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-58 FEDERAL REPORTING – DATA RELIABILITY REPORT (Continued)

relating to medical support issues in an effort to improve its reporting of this kind of data. It is noted that this is a "reporting" problem and is not reflective of actual case processing and services to the beneficiaries of the IV-D program. See current year finding 2009-45.

2008-59 ALLOWABILITY AND ELIGIBILITY
2007-59 Department of Health and Human Resources
2006-43 Partially Resolved
2005-50

Corrective action plans will be developed, implemented, and monitored under the auspice of the Office of the Deputy Commissioner within the Bureau to ensure that policy and practice are followed to maintain accurate records of applications and supporting documentation as justification for the expenditure of federal LIHEAP funds. The status of any corrective action plans will be provided as part of the ongoing progress updates each month for single audit findings.

Central Office LIHEAP Policy staff is responsible for maintaining the original Fuel Supplier Agreements. No Central Register has been maintained on the complete listing of all LIHEAP vendors to date. Central Office staff will contact all District Offices to provide our staff with a list of vendors on file at the District level. Central Office Policy staff will continue to develop a Central Register of all statewide LIHEAP vendors and work to keep all agreements filed.

The BCF Policy and BCF Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs including LIHEAP. DHHR's BCF will continue its efforts to locate all missing documentation. See current year finding 2009-48.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-60 SUBRECIPIENT MONITORING
2007-61 Governor's Office of Economic Opportunity
Not Resolved

GOEO is continuing to implementing new tools and processes to our monitoring protocol. We also plan to add additional staff to assist in conducting more timely and through reviews of individual sub-grantees. In addition, we are beginning to address training issues related to grants management, financial tracking and reporting, internal controls, etc. in the past we have focused on quality of field work in regard to training and technical assistance. As a part of our improved monitoring techniques we will provide follow-up technical assistance to address any issues encountered as a part of monitoring and agency will be held accountable. Example: effective April 1, 2010 agency found in non-compliance in regard to lead testing will be required to have all staff who worked on a home that was not properly tested for lead or that did not follow proper procedures for lead removal will have to have all crew members tested for lead with a blood level test at the agencies expense. We will implement similar measures as findings are found at the subrecipient level as appropriate. See current year finding 2009-49.

2008-61 DISASTER RECOVERY PLAN
2007-62 Department of Health and Human Resources
2006-45 Not Resolved

The West Virginia DHHR's, Bureau for Children and Families (BCF) in conjunction with the Child Care Resource and Referral (CCR&R) agencies who maintain certain critical records for the processing of allowability and eligibility of Child Care payments have made progress in the development and implementation of adequate disaster recovery plans. Three of the six CCR & R agencies are piloting a document management system that

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-61 DISASTER RECOVERY PLAN (Continued)

allows for critical documents identified by the Bureau's Division of Early Care and Education as necessary to determine allowability and eligibility of child care payments to be scanned at the time of application/renewal. The document management system would then merge that information with all the computer generated documentation and create a permanent file for the client. The system also provides for off-site storage of files for disaster recovery purposes.

The BCF will modify its grant requirements to require the remaining three CCR&R agencies to adopt similar document imaging systems that:

- Convert all paper documents to electronic images stored on a server with copies stored at an off-site location for disaster recovery purposes;

- Protect data from being viewed by unauthorized individuals;

- Provide for off-site access and access by staff in the Division of Early Care and Education for audit and quality assurance purposes, including improper payments and single agency auditing;

- Ensures data is quickly accessible and can be searched quickly by client name and full document text;

- Easily correlate to DHHR's selected software, Microsoft Office, to ensure ease of implementation; offer options for reports, archive and purging of documents based on DHHR and CCR&R policies; and

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-61 DISASTER RECOVERY PLAN (Continued)

- Are annually reviewed for completeness and effectiveness, with any change in operational procedures reported within 30 days. See current year finding 2009-50.

2008-62 SUBRECIPIENT CASH MANAGEMENT
2007-63 Department of Health and Human Resources
Partially Resolved

DHHR has some procedures in place to monitor subrecipient cash management. Subrecipients are required to submit quarterly and in some cases monthly expenditure reports. These expenditure reports are to be reviewed before invoices are approved and invoiced amounts may be changed if expenditures are not meeting projections in order to prevent the subrecipient from accumulating excess cash. Additionally, Policy 3801 includes a checklist questionnaire that addresses the monitoring of cash management which cites the federal regulations. Also, grantees are informed of their responsibilities regarding interest grantees could potentially earn. Although DHHR feels advance payments are an acceptable method of payment as it is consistent with federal grantor methods, DHHR understands the potential risk involved. Policies and procedures are continuously reviewed to look for better ways of addressing monitoring subrecipients' cash on hand to ensure the potential for grantees to earn interest is minimized. DHHR is working to develop a standardized letter or memorandum for mailing to all subrecipients, as an additional notice or supplement to the grant agreement, to reiterate the federal regulations concerning cash management and interest earned on advanced payments. See current year finding 2009-51.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-63 **ELIGIBILITY REDETERMINATIONS**
2007-64 **Department of Health and Human Resources**
2006-47 **Partially Resolved**
2005-53
2004-61

At the time of the 2008 Single Audit, the Resource Development Unit (RDU) did not collect licensing and certification documents for Placement Agencies and Foster Homes. Title IV-E eligibility was determined for the client, separate from provider reimbursability. Provider reimbursability and licensing was documented in FACTS and those determinations were made automatically based on the information entered into the Statewide Automated Child Welfare Information System (SACWIS). Provider eligibility has recently become a requirement for a child's Title IV-E eligibility and the following measures were taken in order to comply with federal guidelines.

- On October 1, 2008, the Office of Planning and Quality Improvement (OPQI), RDU, launched its Provider Project. This project was created to provide a more uniform and coherent response to the federal auditors' questions regarding Foster Care Provider reimbursability. The main objective of this project is to monitor and maintain provider records in regards to Title IV-E eligibility. The development of this project was necessary due to the Administration for Children and Families (ACF) increased focus on provider documentation during the 2008 Federal review.

- The Provider Project is comprised of two positions, a Title IV-E specialist and an Office Assistant, who operate under the direction of the Director of Resource Management. These employees are responsible for the

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-63 ELIGIBILITY REDETERMINATIONS (Continued)

centralized maintenance of provider files, which include all documentation required by the ACF for the Title IV-E compliance. The files will include Criminal and Protective Services Background Checks for new employees and household members, and Foster Home Certifications, to name a few. All documentation collected is stored both physically and electronically. See current year finding 2009-52.

2008-64 ELIGIBILITY DOCUMENTATION
2007-66 Department of Health and Human Resources
2006-49 Partially Resolved
2005-55

DHHR has implemented a checklist for staff to use to ensure that all necessary forms and signatures have been obtained. When Adoption records are forwarded to the state office, the file is reviewed to be sure all information is included. DHHR continues to stress to the staff the importance of ensuring that all documents are included in the case file and that all forms are signed and dated. DHHR staff is unable to correct deficiencies in case files that had been completed before the implementation of the new procedures. See current year finding 2009-55.

2008-65 DUPLICATE PAYMENT
2007-68 Department of Health and Human Resources
2006-56 State Children's Insurance Program
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-66 **QUALITY CONTROL – ERROR RATE**
2007-72 **Department of Health and Human Resources**
2006-57 **Resolved**

Corrective action taken in FY 2009.

2008-67 **ALLOWABLE COSTS**
2007-69 **Department of Health and Human Resources**
2006-52 **Not Resolved**
2005-57

The first of two audit reports was just released. DHHR plans to work with Centers for Medicare and Medicaid Services (CMS) to satisfy their concerns. See current year finding 2009-57.

2008-68 **FEDERAL REPORTING**
Shepherd University
Resolved

Corrective action taken in FY 2009.

2008-69 **SUBRECIPIENT MONITORING**
2007-81 **Division of Homeland Security**
2006-66 **Resolved**
2005-73
2004-70, 71
2003-39, 40
2002-44, 45

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2008-70 OBLIGATING FUNDS
2007-82 Division of Homeland Security (SAA)
2006-59 Partially Resolved

SAA feels that the 60-day requirement cannot be achieved while ensuring that the State is as safe as possible. The SAA must involve local jurisdictions in the development of detailed budgets, which takes time. The SAA will continue to strive to eliminate the finding without jeopardizing public safety.

2007-34 SUBRECIPIENT MONITORING – AUDIT REPORTS
Development Office
Resolved

Corrective action taken in FY 2009.

2007-40 LAND AND LEASES
2006-21 Department of Transportation
2005-31 Resolved

Corrective action taken in FY 2009.

2007-60 PERIOD OF AVAILABILITY
Department of Health and Human Resources
Resolved

Corrective action taken in FY 2009.

2007-67 ELIGIBILITY DOCUMENTATION
2006-50 Children's Health Insurance Program
Partially Resolved

BCF will continue its efforts to locate all missing documentation. Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2007-70 PRESCRIPTION DRUG OVERPAYMENT DISALLOWANCE
Department of Health and Human Resources
Partially Resolved

Pursuant to 45 CFR Part 16, the State appealed the disallowances to the Federal Department Appeals Board. Pursuant to provisions of Section 1903(d)(5) of the Act, the State elected to retain the amounts previously paid pending final administrative decision. The State has continued to work with CMS to allocate an appropriate value to the amount necessary to return to CMS.

The Dey parties filed cross motions for summary judgment in Federal Court on January 22, 2010. Responses were due February 22, 2010; thereafter, the case was deemed submitted and State is waiting for the court to enter an order. DHHR filed the Purdue Pharma case in Federal Court on December 23, 2009, and served HHS the same day through the U.S. Attorney; HHS had 60 days to answer. The State is waiting for a briefing schedule to be set.

2007-73 ALLOWABILITY AND ELIGIBILITY DOCUMENTATION
Department of Health and Human Resources
Resolved

Corrective action resolved in FY 2009.

2007-78 FEDERAL REPORTING
2006-62 Division of Homeland Security
2005-68 Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2006-7 **TIMELY RECORD-KEEPING AND REPORTING**
Offices of the Insurance Commissioner
Resolved

Corrective action taken in FY 2009.

2006-46 **ALLOWABILITY AND ELIGIBILITY**
2005-52 **Department of Health and Human Resources**
2004-60 **Partially Resolved**
2003-65
2002-67

DHHR's Bureau for Children and Families Division management instituted a review process in which a report is generated by FACTS on the first of each month. This report shows all of the automatic payments that have not been reviewed/approved that will be made on the fifth working day. The worker whose responsibility it is to review/approve the automatic payments has access to this report and has until the fourth working day to submit any updates or changes to the placement before the automatic payment is issued. After the automatic payment is made, the report is generated and sent to the Regional Directors for review. These directors use this report to determine which workers need reminded of DHHR policy concerning these payments. This report has greatly decreased in size.

2006-51 **EXPRESS SCRIPTS, INC. PRESCRIPTION CLAIMS**
2005-56 **PROCESSING**
Children's Health Insurance Program
Resolved

Corrective action taken in FY 2009.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2005-8 P-CARD PURCHASES
2004-8 Overall State
Partially Resolved

The State Auditor's Office Purchasing Card Program continues to maintain aggressive and ongoing monitoring. In order to ensure proper monitoring and enhance the internal controls, the Program utilizes a wide variety of resources, technology and participant requirements. Each Agency Coordinator receives credit usage, sales tax, transaction decline and account change reports on a daily basis for internal monitoring. In conjunction with agency Coordinators, the Purchasing Card Division completes on a biennial basis, a utilization and credit analysis of each agency. This analysis is used to determine that each cardholder's credit and transaction limits are in-line with their individual job responsibilities and requirements to reduce the potential risk of fraud for the State of West Virginia.

The State Auditor's Office Purchasing Card Division continues to provide web-based training in addition to traditional face-to-face training sessions to certify various users of the State Purchasing Card Program. All current cardholders are required to complete three hours of refresher training every two years. In addition to training for cardholders, the State Auditor provides annual training that is required for the agency spending unit coordinators. The Coordinator training focuses on internal controls, policies and procedures, travel guidelines, as well as one hour of ethics training. This training must be completed in order for the agency/institution of higher education to be eligible to participate in the Program.

STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2005-8 P-CARD PURCHASES (Continued)

The Purchasing Card Audit section continues its program evaluations to ensure agencies are following the Purchasing Card Program Policies and Procedures as well as State Purchasing guidelines. Management reports that are issued focus on advising and supporting agency efforts in developing appropriate internal controls over their operations.

The State Auditor's Office maintains a good working relationship with the Commission on Special Investigations, the State Purchasing Division and the Legislative Auditor's Office to stay informed of audit issues and investigations currently underway.