



# State Compliance Supplement

for Auditing County Boards of  
Education in the State of West Virginia

*Requirements and Suggested Audit Procedures  
For the 2022-23 Fiscal Year*



**West Virginia Board of Education**  
**2023-2024**

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## **Section I – Overview and Authority:**

This State Compliance Supplement was developed by the West Virginia Department of Education under the authority of W.Va. Code §18-9B-1 et seq., which define the powers and duties of the State Board of School Finance. The duties and responsibilities of the State Board of School Finance were transferred by W.Va. Code §18-9A-17 to the State Board of Education, to be carried out by its chief executive officer, the state superintendent of schools.

The use of this compliance supplement is mandatory for the audits of the financial statements of county boards of education for the fiscal year ended June 30, 2023, and all subsequent years.

This compliance supplement for the audits of the fiscal year ended June 30, 2023 is designed to identify important statutory requirements that could have a material effect on a local educational agency's financial operations or internal accounting controls and provides suggested audit procedures. These suggested procedures should not be considered as all inclusive, however. The professional judgment of the auditor will be necessary to determine whether the suggested audit procedures are sufficient to achieve the stated objectives, or whether additional or alternative audit procedures are needed.

Please note that the audit procedures included in this document are in addition to state grant reporting requirements contained in W.Va. Code §12-4-14.

Any instances of noncompliance noted during the audit are to be reported in the appropriate section of either the audit report or in the accompanying management comment letter in accordance with the professional judgment of the auditor. A copy of the management comment letter must be provided to School Finance Services with the audit report.

Documented evidence of the audit procedures performed to comply with the audit requirements contained in this supplement, and resultant conclusions and findings determined by the auditor are to be retained as a part of the audit working papers, copies of which are to be provided to the Department of Education upon request.

All questions, suggestions, or comments regarding this compliance supplement should be addressed to the Department of Education, School Finance Services.

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## Section 2 – Financial Reporting

Compliance Requirements:		Suggested Audit Procedures
1.	<p><b>Publication of Financial Statements</b></p> <p><b>W.Va. Code §18-9-3a requires:</b> The county board of every county, within ninety days after the beginning of each fiscal year, shall prepare on a form to be prescribed by the state tax commissioner and the state superintendent of free schools, and cause to be published a statement revealing: (a) The receipts and expenditures of the board during the previous fiscal year arranged under descriptive headings; (b) the name of each firm, corporation, and person who received more than two hundred fifty dollars in the aggregate from all funds during the previous fiscal year, together with the aggregate amount received from all funds and the purpose for which paid. Provided, That such statement shall not include the name of any person who has entered into a contract with this board pursuant to the provisions of sections two, three, four and five, article two, chapter eighteen-a of this code; and (c) all debts of the board, the purpose for which each debt was contracted, its due date, and to what date the interest thereon has been paid. Such statement shall be published as a Class I-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the county. The county board shall pay the cost of publishing such statement from the maintenance fund of the board.</p>	<p>Determine whether the Board of Education prepared and published financial statements within ninety days after the beginning of the subsequent fiscal year.</p>
2.	<p><b>Individual School Examinations</b></p> <p><b>WVDE Policy 1224.1 and W.Va. Code §18-9B-13 require</b> that each LEA conduct annual examinations of individual schools within their jurisdiction. These examinations can be accomplished by utilizing the services of the Chief Inspector, by contracting with an independent public accountant, or internally by the CSBO or his/her staff under the supervision of the CSBO.</p>	<p>Review the personnel including credentials and procedures utilized (including the audit program) to perform the individual school examinations during the fiscal year.</p> <p>Ensure that the required examinations were conducted within the timeline described in the Accounting Procedures Manual for Public Schools in West Virginia (Section 1-43 Annual Examination). Review the findings and recommendations for inclusion of any material deficiencies which may affect the financial statements of the auditee.</p>

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## Section 3 - Budgeting:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Public Hearing for Budget Inspection</b></p> <p><b>W.Va. Code §18-5-4(c) requires:</b> a public hearing shall be held concerning the preliminary operating budget for the next fiscal year not fewer than ten days after the budget has been made available to the public for inspection and within a reasonable time prior to the submission of the budget to the state board for approval. Reasonable time shall be granted at the hearing to any person who wishes to speak regarding any part of the budget. Notice of the hearing shall be published as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code.</p>	<p>Obtain evidence that the Board held a public hearing concerning the preliminary operating budget and that the hearing took place no fewer than ten days after the budget was made available to the public for inspection.</p>
<p>2. <b>Submission and Approval of Budget</b></p> <p><b>W.Va. Code §18-9B-6 requires:</b> A county board of education shall, on or before the day fixed by the budget calendar, submit its proposed budget to the board of finance together with such supporting schedules as the board may require.</p> <p>A county board shall not finally adopt its budget until after the written approval of the board of finance has been received, and the levy estimate has been approved by the State Auditor as required by law. If the State Auditor finds that the levy estimate, based upon the budget, does not conform to the requirements of law, the board shall authorize and require such further revision of the budget as may be necessary for the correction of the levy estimate as required by the State Auditor.</p> <p>A county board of education shall submit a preliminary budget upon requirement of the board of finance, which approved budget shall be considered by the State Auditor when approving levy estimates.</p>	<p>Obtain evidence that the required proposed budget submission was made by the deadlines set out in the budget calendar. By review of the Board Minutes, also ensure that the Board received written approval of the budget from the State Superintendent and the levy estimate has been approved by the State Auditor.</p>
<p>3. <b>Restrictions on County Boards</b></p> <p><b>W.Va. Code §18-9B-10 requires:</b> County boards of education shall:</p> <p>(1) Authorize the expenditure of funds and incur obligations only in accordance with the budget and the expenditure schedule;</p> <p>(2) Make transfers between items of appropriation only with the prior written approval of the board of finance.</p>	<p>Review the budget document and revisions thereto and ascertain that proper approvals have been obtained from the West Virginia Department of Education.</p>

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## Section 4 - Payments/Disbursements:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Purchase Card Program</b></p> <p><b>W.Va. Code §6-9-2a requires:</b> The purchasing card program shall be conducted so that procedures and controls for the procurement and payment of goods and services are made more efficient and so that the accounting and reporting of such payments shall be uniform for all local governments utilizing the program. The program shall permit local governments to use a purchase charge card to purchase goods and services. Notwithstanding any other code provisions to the contrary, local government purchases may be made with the purchase charge card for any payment authorized by the Auditor, including regular routine payments, travel and emergency payments, and shall be set at an amount to be determined by the Auditor: Provided, That purchasing cards may not be utilized for the purpose of obtaining cash advances, whether the advances are made in cash or by other negotiable instrument: Provided, however, That purchasing cards may be used for cash advances for travel purchases upon approval of the Auditor. Selection of a charge card vendor to provide local government purchasing cards shall be based upon expressions of interest submitted by charge card vendors. The Auditor shall contract with the successful institution for provision of local government purchasing cards. The selection shall be based upon the combination of competence and qualification in the provision of services and a determination of the best financial arrangement for the program. The Auditor may propose rules for promulgation to govern the implementation of the local government purchase card program and may promulgate emergency rules for emergency payments to effectuate the provision of such services.</p>	<p>Inquire of whether the Board is participating in the State of WV PCard program or any other similar program which uses credit cards for purchases.</p> <p>If the Board participates, document the procedures used from issuing cards to the payment of monthly invoices including all key internal controls used in the process. Obtain a copy of the Boards policies and procedures regarding the use of the PCard for the file.</p> <p>Select a sample of PCard purchases and test the key internal controls identified and the reasonableness of the charges made.</p>
<p>2. <b>Unlawful expenditures by local fiscal body</b></p> <p><b>W.Va. Code §11-8-26 requires that</b></p> <p>(a) Except as provided in sections fourteen-b, twenty-five-a and twenty-six-a of this article, a local fiscal body shall not expend money or incur obligations:</p> <p>(1) In an unauthorized manner;</p> <p>(2) For an unauthorized purpose;</p> <p>(3) In excess of the amount allocated to the fund in the levy order; or</p> <p>(4) In excess of the funds available for current expenses.</p> <p>(b) Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials may not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent: Provided, That such casual deficit is satisfied in the levy estimate for the succeeding fiscal year: Provided, however, That in calculating a deficit for purposes of this section, account shall not be taken of any amount for which the local fiscal body may be liable for the unfunded actuarial accrued liability of the West Virginia Retiree Health Benefit Trust Fund or any amount allocated to the local fiscal body as an employer annual required contribution that exceeds the minimum annual employer payment component of the contribution, all as provided under article sixteen-d, chapter five of this code.</p>	<p>Review expenditures versus revenues to ensure that a casual deficit does not exist. A casual deficit is a deficit of not more than three percent of the approved levy estimate or a deficit that is nonrecurring from year to year. (As defined in W.Va. Code §1811).</p> <p>Fiscal bodies cannot obligate future levies. Review all significant lease purchase contracts and ascertain that all such agreements include a cancellation clause. However, energy saving contracts may extend beyond the fiscal year, provided that the Board has the option to terminate the agreement during each year of the contract. The contract cannot exceed ten years. (W.Va. Code §11-8-26 and §1859a)</p>



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Compliance Requirements:	Suggested Audit Procedures
<p>3. <b>Itemized Statement of Claims</b></p> <p><b>W.Va. Code §12-3-18 requires:</b> It shall be unlawful for any county court, board of education or the council of a municipal corporation, or other body charged with the administration of the fiscal affairs of any county, school district, independent school district or municipality, to pay any claim for services rendered or materials furnished unless an itemized account therefore is filed by the claimant covering the claim. Such account shall be itemized in detail, and shall show, among other things, the following: If the claim is for services, it shall show the kind of service, the dates when same was performed and the name of the person performing it; if the claim is for material or supplies furnished, the claim shall show in detail the kind of material or supplies, the quantity, dates of delivery and to whom delivered; and if the claim is for road or bridge work or for road or bridge material, the amount of which claim is for material in excess of five dollars or for labor in excess of twenty-five dollars, the claim shall be verified by the affidavit of the person making it, and in such affidavit the person making the claim shall be required to state that the services performed or materials furnished, as set forth in such claim, were actually performed or actually furnished, and that the claim as stated is true and correct and that there is justly due to the claimant the sum set forth in the account. If any person shall swear falsely in the making of such affidavit, he shall be deemed guilty of false swearing. The president or presiding officer of the fiscal body allowing claims shall indorse on all accounts allowed the words "allowed and payment authorized," together with the date of allowance and signature of the president or other presiding officer.</p>	<p>Select a sample of payments to vendors and ensure that an itemized statement of claims was provided by the vendor prior to payment by the LEA.</p> <p>Also, verify vendor addresses are valid. Review the LEA's vendor listing to ensure that vendors do not have multiple addresses on file. If so, verify that those addresses are valid.</p>
<p>4. <b>General Orders are Prohibited</b></p> <p><b>W.Va. Code §12-3-19 requires:</b> It shall be unlawful for any county commission, board of education or the governing body of a municipal corporation, or other body charged with the administration of the fiscal affairs of any county, school district, independent school district or municipality, to issue any general order for a payroll, or to any person to be disbursed or distributed by him to those who have performed the services or furnished the materials for which payment is to be made, but in all such cases the order shall be made payable to the persons lawfully entitled to such payment: Provided, That a county commission, board of education or governing body of a municipal corporation may, upon the written request of any of their respective employees, issue a general order for a payroll to a bank, credit union or savings and loan institution for deposit to that employee's demand or time account. The written request shall specifically identify the employee, the financial institution, the type of account and the account number.</p>	<p>Select a sample of payments to vendors or individuals and ensure that the payment was made to the person legally entitled to receive the payment.</p>
<p>5. <b>Signing of Orders for Payment</b></p> <p><b>W.Va. Code §18-9-3 requires:</b> The treasurer of the board of education shall pay money only upon the order of the board. The order shall specify the amount to be paid, the purpose for which it is paid, and the fund to which it shall be charged. The order shall be signed by the president and shall be countersigned by the secretary: Provided, That such signatures authorizing the payment of such orders may be made by means of such mechanical or electrical device as the board may select. Such mechanical or electrical device for the making of the signatures of the president and secretary shall be safely kept so that no one shall have access thereto except the president and the secretary of the board and such of their respective employees as may be authorized to have access thereto.</p>	<p>Select a sample of disbursements and ensure that the treasurer released the funds for payment only after receiving an approved order from the Board. The order should specify the amount to be paid, the purpose for which it is paid and the fund to which it is to be charged.</p>

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<b>Compliance Requirements:</b>		<b>Suggested Audit Procedures</b>
6.	<p><b>Mileage Reimbursements</b></p> <p><b>W.Va. Code §18A-2-14 requires:</b> A county board shall reimburse any school personnel for each mile traveled when the employee is required to use a personal motor vehicle in the course of employment. The county board shall reimburse at the same rate for all employees in that county. The rate of reimbursement shall be at least the lesser of, and not more than the greater of, the federal standard mileage rate and the rate authorized by the travel management rule of the Department of Administration.</p>	Select a sample of travel reimbursements and review mileage rates for reasonableness.
7.	<p><b>Board Approval of Payments</b></p> <p><b>W.Va. Ethics Commission Open Meetings Advisory Opinion No. 2012-04 requires</b> that approval of invoices/payment of bills must be included on the Board agenda and must require official action by the Board. The Board may indicate that there was a motion to approve invoices and that it passed. If the minutes do not record therein the name and amount of every invoice approved, the Board shall attach a list of the invoices approved, and the amount of each, to the minutes.</p>	By review of the Board minutes, ensure that the Board takes official action to approve invoices prior to release of payment. Also ensure that the body of the Board minutes or an attachment to the Board minutes includes a listing of invoices with related amounts. Such information should be made available for public inspection.
8.	<p><b>Expenditures for Operation and Maintenance of Facilities</b></p> <p>The foundation allowance other current expense (<b>W.Va. Code §18-9A-9</b>) is based upon the non-salary related expenditures for operations and maintenance, exclusive of expenditures reported in special revenue funds, for the latest available school year, in each county.</p>	Select a sample of expenditures charged to the Support Service O&M Plant function (WVEIS code X26XX), exclusive of special revenue fund expenditures. Through review of supporting documentation, verify the reasonableness of the charge to the operations and maintenance of plant function.
9.	<p><b>Expenditures for Student Transportation</b></p> <p>The foundation allowance for transportation costs (<b>W.Va. Code §18-9A-7</b>) includes an allowance for operations, maintenance, and contracted student transportation services. The allocation is based upon a percentage of the actual transportation costs incurred by the county for maintenance, operations and related costs exclusive of all salaries, an including the costs incurred for contracted transportation services and public utility transportation.</p>	Select a sample of expenditures charged to the student transportation function (WVEIS code X27XX). Through review of supporting documentation, verify the reasonableness of the charge to the student transportation function.

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## Section 5 - Contracts:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Competitive Bids for Construction Contracts</b></p> <p><b>W.Va. Code §5-22-1 requires</b> LEAs to solicit competitive bids for every construction project exceeding \$25,000 in total cost. Vendors who have been debarred may not bid on or be awarded a contract under this section. All bids submitted shall include a valid bid bond or other surety as approved by the State of West Virginia or its subdivisions. Following the solicitation of bids, the construction contract shall be awarded to the lowest qualified responsible bidder who shall furnish a sufficient performance and payment bond.</p>	<p>By inquiry of management, determine whether the LEA had any construction projects exceeding \$25,000 during the fiscal year under audit. If so, select a sample of those projects and ensure that the LEA followed Policy 8200 by obtaining appropriate competitive bids, verified that vendors were not debarred from transacting business with the state or federal government, ensured that the bids included a valid bid bond, and that the contract was awarded to the lowest qualified bidder.</p>
<p>2. <b>No Contracts Awarded or Renewed with Debtors</b></p> <p><b>W.Va. Code §5A-3-10a requires</b> that no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is more than \$1,000 in the aggregate or the debtor is in employer default. All bids, contract proposals or contracts with the state or any of its political subdivisions submitted or approved shall include an affidavit that the vendor, prospective vendor or related party is not in employer default and does not owe any debt in excess of \$1,000.</p>	<p>Select a sample of new and renewed contracts and ensure that the vendor was not a debtor of the LEA in an amount greater than \$1,000 and that the LEA obtained the appropriate affidavit.</p>
<p>3. <b>Withholding of Final Contract Payment – (State Tax Dept.)</b></p> <p><b>W.Va. Code §11-10-11(d) requires:</b> All state, county, district and municipal officers and agents making contracts on behalf of this state or any political subdivision thereof shall withhold payment, in the final settlement of any contract, until the receipt of a certificate from the Tax Commissioner to the effect that the taxes imposed by articles thirteen, twenty-one and twenty-four of this chapter against the contractor have been paid or provided for. If the transaction embodied in the contract or the subject matter of the contract is subject to county or municipal business and occupation tax, then the payment shall also be withheld until receipt of a release from the county or municipality to the effect that all county or municipal business and occupation taxes levied or accrued against the contractor have been paid. Any official violating this section is subject to a civil penalty of one thousand dollars, recoverable as a debt in a civil action brought by the Tax Commissioner</p>	<p>Select a sample of contracts and ensure that the final payment was not made until the LEA received the appropriate certificate from the Tax Commissioner.</p>
<p>4. <b>Certificate of Final Payment – (Unemployment)</b></p> <p><b>W.Va. Code §21A-2-6c(a) requires:</b> All state, county, district and municipal officers and agents making contracts on behalf of the state of West Virginia or any political subdivision thereof shall withhold payment in the final settlement of contracts until the receipt of a certificate from the commissioner to the effect that all payments, interest and penalties thereon accrued against the contractor under this chapter have been paid or that provisions satisfactory to the commissioner have been made for payment. Any official violating this subsection is guilty of a misdemeanor and, on conviction thereof, shall be fined not more than one thousand dollars or confined in a county or regional jail for not more than one year, or both fined and confined.</p>	<p>Select a sample of contracts and ensure that the final payment was not made until the LEA received the appropriate certificate from the Commissioner of the Bureau of Employment Programs (Unemployment).</p>

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Compliance Requirements:	Suggested Audit Procedures
<p>5. <b>Payment Withholding – (Workers’ Compensation)</b></p> <p><b>W.Va. Code §23-1-1c requires:</b> All state, county, district and municipal officers and agents making contracts on behalf of the State of West Virginia or any political subdivision thereof shall withhold payment in the final settlement of contracts until the receipt of a certificate from the commission or the company created in article two-c of this chapter to the effect that all payments, interest and penalties thereon accrued against the contractor under this chapter as of the termination of the commission have been paid or that provisions satisfactory to the commission or company created in article two-c of this chapter have been made for payment. Any official violating this subsection is guilty of a misdemeanor and, on conviction thereof, shall be fined not more than one thousand dollars or confined in the county or regional jail for not more than one year, or both fined and confined.</p>	<p>Select a sample of contracts and ensure that the final payment was not made until the LEA received the appropriate certificate from the West Virginia Insurance Commissioner.</p>
<p>6. <b>Energy-Savings Contract Proposals</b></p> <p><b>W.Va. Code §18-5-9a(c) requires:</b> A board of education may enter into an energy-savings contract with a qualified provider to reduce energy operating costs significantly. Before entering into such a contract or before the installation of equipment, modifications or remodeling to be furnished under such a contract, the qualified provider shall first issue a proposal summarizing the scope of work to be performed. Such a proposal shall contain estimates of all costs of installation, modifications or remodeling, including the costs of design, engineering, installation, maintenance, repairs or debt service, as well as estimates of the amounts by which energy operating costs will be reduced. If the board finds, after receiving the proposal, that the proposal includes more than one energy-conservation measure designed to save energy operating costs, the board may enter into a contract with the provider pursuant to this section.</p>	<p>Determine by inquiry of management whether the LEA has entered into energy-savings contracts during the year under audit. If so, ensure that management received a proposal from the vendor and that the proposal included more than one energy-conservation measure.</p>
<p>7. <b>Energy-Savings Contract Cancellation Clause</b></p> <p><b>W.Va. Code §18-5-9a(g) requires:</b> An energy-savings contract may extend beyond the fiscal year in which it first becomes effective except that such a contract may not exceed a fifteen-year term and shall be void unless such agreement provides the board the option to terminate the agreement during each fiscal year of the contract. The board may include in its annual budget for each fiscal year any amounts payable under long-term energy-savings contracts during that fiscal year.</p>	<p>Fiscal bodies cannot obligate future levies. Review all significant energy-savings contracts and ascertain that all such agreements include a cancellation clause. Energy-savings contracts may extend beyond the fiscal year, provided that the Board has the option to terminate the agreement during each year of the contract. The contract cannot exceed fifteen years. (W.Va. Code §11-8-26 and §1859a)</p>

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## Section 6 - Levies:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Maximum Levy Rates</b> <b>W.Va. Code §11-8-6c authorizes</b> maximum levy rates for LEAs.</p>	<p>Review the regular levy and the special/excess levy (if applicable) to determine whether they were properly drawn and rates comply with the maximum levy amounts approved by the legislature.</p>
<p>2. <b>Public Meeting Requirements for Entering Levies</b> <b>W.Va. Code §11-8-9 requires</b> each local levying body to hold a meeting or meetings between the seventh and twenty-eighth days of March for voting on levy rates. When a levy is placed on the ballot for consideration during a primary election, each local levying body may extend its time to meet as a levying body until the first day of June of that year. Additionally, W.Va. Code §11-8-12 requires the secretary of the board to immediately forward a certified copy of the proposed levy to the state auditor and state board of education and publish the statement. The session is required to stand adjourned until the third Tuesday in April, at which time, it shall reconvene. At the reconvened meeting, W.Va. Code §11-8-12a requires the Board hear and consider any objections to the levy order. The board may not enter any levy until it has been approved in writing by the state auditor. After receiving the approval, the Board shall then enter the estimate and levy, together with the written approval.</p>	<p>By reviewing minutes of the Board meeting, ascertain that the Board of Education conducted the required public meeting between March 7th and March 28th and reconvened the third Thursday in April to officially enter all levies. Also ensure that proper approval was obtained prior to entering the estimate and levy.</p> <p>Review the regular levy and the special/excess levy (if applicable) to determine whether they were properly drawn and rates comply with the maximum levy amounts approved by the legislature.</p>
<p>3. <b>Funds Can Only Be Spent for the Purpose for which they were Levied</b> <b>W.Va. Code §11-8-25 requires</b> boards or officers expending funds derived from the levying of taxes shall expend the funds only for the purposes for which they were raised.</p>	<p>Determine whether the proceeds from the special/excess levy were expended in accordance with the provisions of the levy call.</p>

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## Section 7 - Insurance & Bonding:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Flood Insurance</b></p> <p><b>W.Va. Code §18-5-47 requires:</b> (a) Each county board shall maintain flood insurance on each insurable building that it owns and that meets one or both of the following requirements:</p> <p>(1) The building is within the identified special flood hazard area which is the area on a flood hazard boundary map or a flood insurance rate map that is identified as an “A zone”, a numbered “A zone” or an “AE zone” or regulatory one hundred year floodplain and the building has a replacement value that is greater than three hundred thousand dollars; or</p> <p>(2) The building has been damaged in a previous flood and flood insurance is required by the Federal Emergency Management Agency.</p> <p>(b) Each county board also shall maintain flood insurance on the contents of each insurable building that it owns and that meets one or both of the requirements set forth in subsection (a) of this section.</p> <p>(c) The buildings and the contents of those buildings required to be insured by this section shall be insured at the maximum amounts available through the National Flood Insurance Program or the estimated replacement value of the structure and contents, whichever is less.</p>	<p>Review copies of property insurance policies and ascertain whether insurance appears to be adequate to cover all property and/or equipment.</p>
<p>2. <b>Bonding of Treasurer</b></p> <p><b>W.Va. Code §18-9-6 requires:</b> For the faithful performance of this duty, the treasurer shall execute a bond, to be approved by the board of education, in the penalty to be fixed by the board of education, not to exceed the amount of school funds which it is estimated the treasurer will handle within any period of two months. The premium on the bond shall be paid by the board of education.</p> <p>Further, although the treasurer cannot delegate his responsibilities, he may delegate authority to others to perform some duties. Therefore, fidelity bonding of others performing delegated duties is necessary and should be set at reasonable amounts.</p>	<p>Review faithful performance bonds of the treasurer and other board officials; ascertain whether bonds are sufficient, and meet statutory requirements.</p>
<p>3. <b>Bonding of Superintendent</b></p> <p><b>W.Va. Code §6-2-10 requires:</b> Every county superintendent of schools shall give bond with good security, to be approved, unless otherwise provided by law, by the county commission of the county in which such officer is to act. The penalty of the bond of the county superintendent of schools shall be not less than ten thousand nor more than fifty thousand dollars.</p>	<p>Review faithful performance bonds of the superintendent; ascertain whether bonds are sufficient, and meet statutory requirements.</p>
<p>4. <b>Bonding of Board President</b></p> <p><b>Chapter 4, Section “I” of WV Board Policy 8100 requires:</b> Faithful performance and public officials’ bonds are required for the President of the county board.</p>	<p>Review faithful performance bonds of the Board President; ascertain whether bonds are sufficient, and meet policy requirements.</p>

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<p>5. <b>Recording of Bonds at County Clerk's Office</b></p> <p><b>W.Va. Code §6-2-12 requires:</b> Every official bond given before, or approved by, the county court or the clerk thereof, and every bond executed in any proceeding before said court, including fiduciary bonds, and the bond of the clerk of the circuit court, shall be filed in the office of the clerk of the county court, and be recorded in a book kept by him for the purpose, and labeled "Record of Bonds." Every official bond given before, or approved by, the council or other similar body of any municipality, and every official bond given before, or approved by, any board of education of any magisterial district or independent district, shall be filed and preserved in the office of the recorder or clerk of such municipality, or in the office of the clerk or secretary of such board of education, as the case may be, and be recorded in the records of such council or other similar body of the municipality, or of such board of education, respectively, and a certified copy of every such bond shall, by such recorder, clerk or secretary, be forthwith made and filed in the office of the clerk of the county court of the county of such municipality or board of education, and said last-mentioned clerk shall record such copy in the book to be kept by him as aforesaid.</p>	<p>Review appropriate records to ensure that the official bonds have been recorded at the County Clerk's office.</p>



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<p>6. <b>Bonds to Cover Maximum Amount Deposited</b></p> <p><b>W.Va. Code §18-9-6 requires:</b> The board of education may open a bank account, or accounts, as required to adequately and properly transact the business of the district in a depository, or banks, within the county. The depositories, or banks, shall provide bond to cover the maximum amount to be deposited at any one time. However, the county board of education may, in lieu of such bond, accept as security for money deposited letters of credit from a federal home loan bank, securities of the United States, or of a state, county, district or municipal corporation, or federal agency securities: Provided, That a banking institution is not required to provide a bond or security in lieu of bond if the deposits accepted are placed in certificates of deposit meeting the following requirements: (1) The funds are invested through a designated state depository selected by the county board of education; (2) the selected depository arranges for the deposit of the funds in certificates of deposit in one or more banks or savings and loan associations wherever located in the United States, for the account of the county board of education; (3) the full amount of principal and accrued interest of each certificate of deposit is insured by the Federal Deposit Insurance Corporation; (4) the selected depository acts as custodian for the county board of education with respect to such certificates of deposit issued for the county's account; and (5) at the same time that the county board of education's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits from customers of other financial institutions wherever located in the United States equal to or greater than the amount of the funds invested by the county board of education through the selected depository: Provided, however, That a banking institution is not required to provide a bond or security in lieu of bond if the deposits accepted are placed in a designated state depository that is selected and authorized by the county board of education to arrange for the redeposit of the funds through a deposit placement program that meets the following conditions: (1) On or after the date that the county board of education funds are received the selected depository: (i) Arranges for the redeposit of the funds into deposit accounts in one or more federally insured banks or savings and loan associations that are located in the United States; and (ii) serves as custodian for the county with respect to the money redeposited into such accounts. (2) County board of education funds deposited in a selected depository in accordance with this section and held at the close of business in the selected depository in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured in accordance with the second and third sentences of this paragraph. (3) The full amount of the funds of the county board of education redeposited by the selected depository into deposit accounts in banks or savings and loan associations pursuant to this section (plus accrued interest, if any) shall be insured by the Federal Deposit Insurance Corporation. (4) On the same date that the funds of the county board of education are redeposited pursuant to this section, the selected depository receives an amount of deposits from customers of other financial institutions through the deposit placement program that are equal to the amount of the county board of education funds redeposited by the selected depository.</p>	<p>Review bank balances and ensure that they either covered fully by FDIC limits or the depository institutions have provided bond to cover the maximum amount to be deposited at any one time.</p>



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## Section 8 - Bond Issuances:

Compliance Requirements:		Suggested Audit Procedures
1.	<p><b>Amount and purpose of indebtedness for which bonds may be issued</b></p> <p><b>W.Va. Code §13-1-3 requires:</b> That no county board of education authorized by this article to issue bonds, shall, by any bond issue, become indebted, in any manner, or for any purpose, to an amount, including all other indebtedness, in the aggregate, exceeding five percent on the value of the taxable property therein, in the county school district to be ascertained by the last assessment for state and county taxes, previous to the incurring of such indebtedness, in the manner provided by the "School Bond Amendment," as ratified.</p>	Review the bond indebtedness to ensure the Board of Education bond issue does not exceed the aggregate of five percent of the value of taxable property in the County. Also, review the bond covenants and ascertain whether the Board of Education is in compliance with the bond covenants.
2.	<p><b>Transfer of Funds Remaining After Retirement of School Bonds</b></p> <p><b>W.Va. Code §18-9-2c requires:</b> The treasurers of the county boards of education are hereby authorized and directed to transfer to the credit of the school current fund of the boards of education of their respective counties, all remaining funds collected for the retirement of school bonds after such bonds shall have been retired, if the fact of such retirement has been certified by the state sinking fund commission. Such funds shall be used in the same manner as other funds now to the credit of, or which may hereafter be placed to the credit of, the school current fund by the respective county boards of education.</p>	If bonds were retired during the fiscal year under audit, ensure that all remaining funds were transferred to the general fund only after the retirement has been certified by the state sinking fund commission.

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## Section 9 - Board Members & Meetings:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Open Public Board Meetings</b></p> <p><b>W.Va. Code §6-9A-3 requires</b> that all meetings of any governing body shall be open to the public. Any governing body may make and enforce reasonable rules for attendance and presentation at any meeting where there is not room enough for all members of the public who wish to attend. Each governing body shall promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media, except in the event of an emergency requiring immediate official action.</p>	<p>During the review of Board minutes, ensure that the meetings were open to the public and that the public was given sufficient notice of the meeting to the public and news media.</p>
<p>2. <b>Board Member Payments</b></p> <p><b>W.Va. Code §18-5-4(e) requires:</b> Board members may receive compensation at a rate not to exceed \$160 per meeting attended, but they may not receive pay for more than fifty meetings in any one fiscal year. Board members who serve on an administrative council of a multicounty vocational center also may receive compensation for attending up to twelve meetings of the council at the same rate as for meetings of the county board. Meetings of the council are not counted as board meetings for purposes of determining the limit on compensable board meetings.</p>	<p>Review the controls over Board member payments and determine whether compensation to Board members exceeded \$160 per meeting attended; not to exceed 50 meetings per year. Further, Board members who serve on the administrative council for MCVC can be paid up to \$160 per meeting up to 12 meetings per year and for ESC's up to \$100 per meeting up to 15 meetings per year.</p>
<p>3. <b>Pecuniary Interests</b></p> <p><b>W.Va. Code §61-10-15 requires:</b> It is unlawful for any member of a county commission, district school officer, secretary of a board of education, supervisor or superintendent, principal or teacher of public schools or any member of any other county or district board or any county or district officer to be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service or in the furnishing of any supplies in the contract for or the awarding or letting of a contract if, as a member, officer, secretary, supervisor, superintendent, principal or teacher, he or she may have any voice, influence or control.</p> <p>However, W.Va. Code §61-10-15 was amended during the 2022 Legislative Session to state the provisions do not apply to employees under the following conditions:</p> <p>If the employee, his or her spouse or child:</p> <ul style="list-style-type: none"> <li>(1) Is not a party to the contract;</li> <li>(2) Is not an owner, a shareholder, a director, or an officer of a private entity under the contract;</li> <li>(3) Receives no commission, bonus or other direct remuneration or thing of value by virtue of the contract;</li> <li>(4) Does not participate in the deliberations or awarding of the contract; and</li> <li>(5) Does not approve or otherwise authorize the payment for any services performed or supplies furnished under the contract.</li> </ul>	<p>Secure conflict of interest questionnaire from board members, the superintendent of schools, treasurer and the purchasing agent. Ascertain that questions are responded to with either declaratory or negative responses. Determine what policies and procedures the Board of Education utilizes to identify conflicts of interest and if not performed by the Board of Education recommend that the Board of Education obtain conflict of interest questionnaires from all key members of management and all Board members.</p> <p>Obtain a copy of the Board of Education's Conflict of Interest Policy and ascertain the adequacy of the policy.</p>

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<b>Compliance Requirements:</b>		<b>Suggested Audit Procedures</b>
4.	<p><b>Written Minutes</b></p> <p><b>W.Va. Code §6-9A-5 requires:</b> Each governing body shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in section four of this article, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:</p> <p>(1) The date, time and place of the meeting;</p> <p>(2) The name of each member of the governing body present and absent;</p> <p>(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and</p> <p>(4) The results of all votes and, upon the request of a member, pursuant to the rules, policies or procedures of the governing board for recording roll call votes, the vote of each member, by name.</p>	<p>Review a sample of official Board Meeting minutes to ensure that they each contain the components that are required by W.Va. Code and that they are available for public inspection</p>

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## Section IO - Personnel:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Contracts for Professional Personnel</b></p> <p><b>W.Va. Code §18A-2-2(a) requires:</b> Before entering upon their duties, all teachers shall execute a contract with their county boards, which shall state the salary to be paid and shall be in the form prescribed by the state superintendent. Each contract shall be signed by the teacher and by the president and secretary of the county board and shall be filed, together with the certificate of the teacher, by the secretary of the office of the county board: Provided, That when necessary to facilitate the employment of employable professional personnel and prospective and recent graduates of teacher education programs who have not yet attained certification, the contract may be signed upon the condition that the certificate is issued to the employee prior to the beginning of the employment term in which the employee enters upon his or her duties.</p>	<p>During the detailed testing of payroll disbursements, ensure that the LEA has an appropriately executed employment contract with each professional employee selected for testing.</p>
<p>2. <b>Contracts for Service Personnel</b></p> <p><b>W.Va. Code §18A-2-5 requires:</b> Before entering upon their duties service personnel shall execute with the board a written contract.</p>	<p>During the detailed testing of payroll disbursements, ensure that the LEA has an appropriately executed employment contract with each service employee selected for testing. The applicable section of code goes on to prescribe the contracts' form and required elements. Auditors should refer to W.Va. Code §18A-2-5 to ensure that each contract is in the prescribed form.</p>
<p>3. <b>State Minimum Salary</b></p> <p><b>W.Va. Code §18A-4-2(a) requires:</b> Each teacher shall receive the amount prescribed in the State Minimum Salary Schedule as set forth in this section, specific additional amounts prescribed in this section or article and any county supplement in effect in a county pursuant to section five-a of this article during the contract year.</p>	<p>During the detailed testing of payroll disbursements, ensure that each employee's pay is based upon the State Minimum Salary Schedule and approved county supplement pay table. Auditors may refer to the Teachers Annual Salary Schedule and Service Personnel Monthly Pay Scale schedule for the applicable LEA and fiscal year.</p>
<p>4. <b>Board Approval of Extra Duty Pay</b></p> <p><b>W.Va. Code §18A-4-16 requires:</b> (1) The assignment of teachers and service personnel to extracurricular assignments shall be made only by mutual agreement of the employee and the superintendent, or designated representative, subject to board approval. Extracurricular duties shall mean, but not be limited to, any activities that occur at times other than regularly scheduled working hours, which include the instructing, coaching, chaperoning, escorting, providing support services or caring for the needs of students, and which occur on a regularly scheduled basis: Provided, That all school service personnel assignments shall be considered extracurricular assignments, except such assignments as are considered either regular positions, as provided by section eight of this article, or extra-duty assignments, as provided by section eight-b of this article.</p> <p>(2) The employee and the superintendent, or a designated representative, subject to board approval, shall mutually agree upon the maximum number of hours of extracurricular assignment in each school year for each extracurricular assignment.</p> <p>(3) The terms and conditions of the agreement between the employee and the board shall be in writing and signed by both parties.</p> <p>(4) An employee's contract of employment shall be separate from the extracurricular assignment agreement provided for in this section and shall not be conditioned upon the employee's acceptance or continuance of any extracurricular assignment proposed by the superintendent, a designated representative, or the board.</p>	<p>Test a sample of extracurricular pay and ensure that the extracurricular pay:</p> <p>was approved by a vote of the Board</p> <p>was based on a written agreement signed by the employee and the board and contained the maximum number of hours in which the activity can be performed</p> <p>was separate from the employee's contract of employment</p>

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## Section II - Staff Development Councils:

Compliance Requirements:		Suggested Audit Procedures
1.	<p><b>Professional Staff Development Councils</b></p> <p><b>W.Va. Code §18A-3-8 requires:</b> a professional staff development council comprised of proportional representation from the major school levels and from vocational, special education and other specialties in proportion to their employment numbers in the county shall be established in each school district in the state in accordance with rules adopted by the state board of education. Each county staff development council shall consist of between nine and fifteen members at the discretion of the county superintendent based on the size of the county. The county board shall make available an amount equal to one tenth of one percent of the allowance received by the board under Step 1 of the Public School Support Program and credit the funds to an account to be used by the council to fulfill its objectives. The local board has final approval of all proposed disbursements.</p>	Ensure that the LEA has set up a professional staff development council and that they have made the appropriate amount of funding available for the council.
2.	<p><b>Service Personnel Staff Development Councils</b></p> <p><b>W.Va. Code §18A-3-9 requires:</b> A service personnel staff development council comprised of representation from the various categories of service personnel employment shall be established in each school district in the state in accordance with rules adopted by the state board of education. Each county staff service personnel development council shall consist of two employees from each category of employment one of whom shall be elected as chairperson by the staff development council members. The county board shall make available an amount equal to one tenth of one percent of the allowance received by the board under Step 2 of the Public School Support Program and credit the funds to an account to be used by the council to fulfill its objectives. The local board has final approval of all proposed disbursements.</p>	Ensure that the LEA has set up a service personnel staff development council and that they have made the appropriate amount of funding available for the council.

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## Section 12 - Property:

Compliance Requirements:		Suggested Audit Procedures
1.	<b>Public Auction of Land, Buildings and Improvements</b>  <b>W.Va. Code §18-5-7 requires:</b> if at any time a county board determines that any building or any land is no longer needed for school purposes, the county board may sell, dismantle, remove or relocate the building and sell the land on which it is located at public auction, after proper notice and on such terms as it orders, to the highest responsible bidder.	Determine whether the Board of Education sold or leased property or equipment. If so, determine whether the property was either sold at a public auction, or if conveyed by deed or lease that the conveyance was to a private, nonprofit, taxexempt organization for a nominal consideration for charitable economic development or other community use.
2.	<b>Bus Fleet</b>  <b>W.Va. Code §18-9A-7 provides</b> LEAs with an allowance for the replacement of buses in an amount equal to eight and one-third percent of the current replacement value of the bus fleet within each county as determined by the state board.	During testing of capital assets, select a sample of school buses from the LEA's most recent certified bus fleet report. Test the sample for existence by physically viewing the bus in inventory. For sampled buses placed into service during the fiscal year under audit, agree the bus purchase date, seating capacity, and bus type (conventional, conventional special education, transit, or transit special education) to the invoice and/or by physically viewing the bus in inventory.

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## Section 13 - Other:

Compliance Requirements:	Suggested Audit Procedures
<p>1. <b>Teacher Qualifications</b></p> <p><b>W.Va. Code §18A-3-2 requires:</b> Any professional educator, as defined in article one of this chapter, who is employed within the public school system of the state shall hold a valid teaching certificate licensing him or her to teach in the specializations and grade levels as shown on the certificate for the period of his or her employment. If a teacher is employed in good faith on the anticipation that he or she is eligible for a certificate and it is later determined that the teacher was not eligible, the state superintendent of schools may authorize payment by the county board of education to the teacher for a time not exceeding three school months or the date of notification of his or her ineligibility, whichever shall occur first. All certificates shall expire on the thirtieth day of June of the last year of their validity irrespective of the date of issuance.</p>	<p>During payroll testing, ensure that any teacher selected for testing has obtained a valid teaching certificate licensing him or her to teach in the specializations and grade levels as shown on the certificate for the period of his or her employment.</p>
<p>2. <b>Abandoned/Unclaimed Property</b></p> <p><b>W.Va. Code §36-8-7 and §36-8-8 require</b> that a holder of property presumed to be abandoned make a report to the State Treasurer concerning the property. The report must be filed before the first day of November each year and cover the twelve months next preceding the first day of July of that year. The holder of property presumed abandoned shall send written notice to the apparent owner, not more than one hundred twenty days or less than sixty days before filing the report, stating that the holder is in possession of property subject to this article, if: (1) the holder has in its records an address for the apparent owner which the holders records do not disclose to be inaccurate, (2) the claim of the apparent owner is not barred by a statute of limitations, and (3) the value of the property is fifty dollars or more. Upon filing the report, the holder of the property presumed abandoned shall pay, deliver, or cause to be paid or delivered to the State Treasurer the property described by the report.</p>	<p>By inquiry of management, determine whether an unclaimed property report has been filed with the State Treasurer. If so, ensure that the records of the LEA have been appropriately adjusted to reflect the transfer of the property.</p> <p>Also, review the listing(s) of outstanding checks to determine whether any unidentified unclaimed property exists. Auditors should refer to the Unclaimed Property Reporting Forms &amp; Instructions for a listing of property types and the related abandonment periods required for reporting (available at the WV State Treasurer's website).</p>



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