

# ACCOUNTABILITY AND TRANSPARENCY IN THE WEST VIRGINIA BUDGET PROCESS

Moving West Virginia from Laggard to Pace Setter

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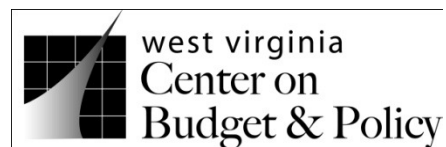
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## EXECUTIVE SUMMARY

This report presents the findings of an in-depth evaluation of the administrative and political aspects of the West Virginia budget process. The study was conducted by the West Virginia University faculty and students in the Master of Public Administration program's public budgeting course, fall 2009 semester. An evaluation matrix was designed to assess levels of accountability and transparency within the state's budgetary practices and processes. Section I provides analyses of the roles of the Legislative and Executive branches, including comparisons of policy and practices to state statutes and constitutional mandates, and a summary analysis of the state's Administrative Agencies. Section II contains the evaluation matrix and detailed analyses of information disclosed and public access information for the state's constitutional offices and executive agencies.

The evaluation identified a number of issues that hinder transparency and accountability within the state's budget process and practices. Several of the study's more significant findings and related recommendations are noted here. While the state does provide considerable budget information via annual executive budget Reports and the State Budget Office website, implementation of the suggested resolutions would vastly improve public access to fiscal information and awareness of the procedures by which revenues and expenditures are allocated by state government.

1. The state of West Virginia's budget process is almost exclusively executive-driven. Economic performance, annual budget projections, and even budget legislation is prepared exclusively by the executive office. The Legislature can and does make changes to the budget bill; however, the governor has the ability to veto any legislative changes. Because the budget session is conducted during the last week of the legislative session, the Legislature has no ability to overturn gubernatorial vetoes or object to executive changes to agency funding changes once the session is over.

Two primary remedial actions would provide the current system with the checks and balances inherent in a democratic government: (1) Move the budget session to the beginning of the legislative session to allow time to consider and act on gubernatorial veto messages. Alternatively, enact legislation that changes the constitutional structure of the legislative session to allow for a split session, a fall veto week, or some other such means that provides for a more shared participation in the process. (2) Provide the Legislature with the resources necessary to produce its own economic forecasts, budget projections and reconciliation reports, such as a Legislative Fiscal Office. In addition to adding "checks and balances" this additional perspective could consider alternative funding priorities and ensure that agency funds are not "set aside" and unaccounted for.

2. There is no reconciliation between the executive budget, the budget bill, legislative changes and the governor's veto message. It is not possible to go to any one source to determine the state's actual budget for the year.

One way to rectify this could be to charge the Legislative Auditor's Office or the executive budget office with responsibility for producing one synthesized budget document, to be made available to the public online within 10 days from the date of legislative approval or governor's veto, whichever is later.

3. The executive budget reports detail agency expenditures into two types of spending: personnel costs and other. These "other" expenditures often total the majority of the agencies funding, yet there is no explanation of how the funds are actually and specifically used. Further, the only documentation of revenues and expenditures available to the public are those contained in the executive budget documents.

Resolution of this deficiency could be accomplished by requiring explicit details of agency spending prior to approval. Require that detailed agency budgets and other documentation presented to executive and Legislative committees be posted online prior to scheduled hearings; that hearings dates be posted online in advance and that the hearings are accessible to the public; and that any documentation revised as a result of the hearings be posted online within 10 days after the hearing date. This includes hearings for all divisions, agencies, commissions, boards and other such entities, as well as those held by the State Budget Office.

4. Fiscal notes are prepared at the whim of the agency to be affected by proposed legislation. The Legislative Auditor's office often receives information just prior to the vote, at best. In addition, agency preparation does not allow for independent, objective assessment. In addition, it appears that the Legislative Auditor's Office is statutorily responsible for preparation of all fiscal notes.

The solution to this issue may also entail provisions allowing for adherence to statutory requirements. The Legislative Auditor's office should have the means to ensure that all necessary information is provided by the required agencies and branches at least 30 days before the bill is voted on. In addition, require that the Legislative Auditor's Office prepare an annual fiscal notes summary report as well as a reconciliation report of passed legislation, their fiscal notes, and the actual expenditures/revenues within 2 years of each bill's passage. Both documents should be distributed to the legislative and executive offices and should be posted online within 30 days of preparation.

5. Legislative and performance audits are scheduled so infrequently and with so little follow-up that violations and non-compliance with laws often go unnoticed, or remain unresolved for extended periods, if not into perpetuity.

Restructuring audit requirements would serve to resolve this issue. To begin with, ensure that all agencies and their components are audited by an external auditor (the Legislative Auditor's Office) no less than semi-annually. Agencies that fail to correct non-compliance and prohibitive practice violations prior to their next audit should be audited annually (comprehensive audits) until they can sustain three years of violation-free reports. Agencies with significant discrepancies between spending allocations and actual expenditures, or significant changes in expenditures in specific areas/programs from year to year should be subject to annual audits.

In comparison to other states, West Virginia is technologically challenged. The House of Delegate's initiation of online, streaming video of committee meetings and other session activities was a step in the right direction. Passing sweeping legislation that allocates personnel and technology resources necessary to upgrade the state's web portal to meet Web 2.0 standards would be another. Additional efforts, such as instituting requirements that all state departments, agencies, boards, commissions and other such offices make their budget requests and committee presentations available online and setting standards for disclosures across agencies and branches to ensure that comprehensive information is provided to the public in the same, easy-to-find and accessible manner across the state, would also go far to making the budget process more available to the public. Setting online public disclosure standards that match those of other states determined to have high transparency and accountability standards and practices would move the state from the position of laggard to that of a national pace setter.

## **SECTION I**

### **Introduction**

In a democracy, government works best when it is visible to the public. Transparency is now becoming not only a national concern but a state government concern as well. States increasingly perform services that were once the purview of the federal government, yet they may in fact be the level of government that is least understood by the average citizen. Entire departments of state government, spending billions of dollars annually, are little known to many citizens, either because they do not personally receive services from these departments or because they are unaware that the state government is a primary provider of funding (Zelenski, 2003).

The ability for citizens to view how government handles revenues and expenditures is a fundamental aspect of our democratic system of government. Budget transparency is essential in strengthening public confidence in the legitimacy of any system of government, whether on the federal, state, or municipal level as well as the aptness of both the elected and appointed officials who serve in these systems. In the United States, government exists with the primary charge to serve the interests of the public. Considering this, it is only fitting and proper that the public enjoy maximum access to budgetary information covering every aspect, from acquisition of revenue to the allocation and disposition of funds, and to have reasonable opportunity to participate in these processes. Overall, the goal of increased budget transparency is to advance and uphold fiscal responsibility now and for the future.

In a successful budgeting process the state desires better decisions and greater participation, thus increasing the need for a more informed and competent citizenry. An educated voting populace that understands and partakes in the state budgeting process can lead to more efficient and ethical uses of limited resources. The budget process is at the heart of state policymaking. The budget allocates public resources toward public ends and programs for state citizens. It is the single-most telling indicator of the values, the desired outcomes, and the philosophy embodied in the state government.

The West Virginia budget process is important to understanding the state's political and administrative priorities. There are many stages to the budgeting process, and the state budget is likely the most important bill that the West Virginia Legislature and governor pass each year. Where and how state revenue is allocated is closely tied to political power during the budget process. There is a need for evaluation and analysis of the West Virginia budget process, including 'accountability' improvements to the current political process of budgeting, and improved 'transparency' during proposed agency allocations and budget expenditures.

In West Virginia, the Legislature, state agencies, and the governor's office are responsible for estimating anticipated revenues and creating a spending plan for the state. To accomplish the goals inherent in the spending plan, funds are allocated to the state's departments and their component divisions, bureaus, commissions and boards. These entities are required to annually submit individual budgets to their departments for approval; the department budget reports are then sent to the governor, who, in turn, submits a comprehensive formal budget request to the Legislature so that funds may be allocated for the incoming year. Throughout this process, important questions arise about public awareness and participation, such as: What information is used to determine how funds are allocated? How is the public included in those determinations before and after submission of the governor's budget proposal? Does the public have opportunities to provide input and feedback on budget plans and practices? What checks and balances are in place through the process to ensure accuracy and accountability? In what forms and at what locations are budget reports and supporting fiscal documentation made available to the public? Is the information online and easily accessible? For citizens, as well as taxpayers, access to budget documents and the process itself are essential rights.

The annual budget should contain the documents that lay out the relationship between what taxpayers pay and the services they receive for their money; budget documents should clearly tell the reader who pays for and who receives the benefits of government. They should also contain the ways in which the government intends to fulfill the state's mission and mandates. Documents should be easily available not only to government officials but also the general public who may have an interest in or want input into the state budget. Hearings times and locations should be posted in publicly accessible venues well in advance to encourage public participation (Zelenski, 2003) and ideally, meetings should be held at times and locations to accommodate the maximum citizen participation.

This report is the result of an extensive examination of the practices and procedures of West Virginia's budget process, the goal of which was to evaluate the degree of transparency and accountability within the process, and the extent to which the public has access to the documents and procedures. The state's constitution and statutes, each branch of government, and the component departments, bureaus, agencies, boards and commissions were assessed using an evaluation matrix designed specifically for this study. The report is divided into two segments. Section I provides a narrative of the entire study, from definition of concepts and development and application of the assessment tool to a comprehensive summary of findings and recommendations. In-depth evaluations of the individual branches of state government and the administrative departments, boards and commission are contained in Section II.

In this section, the prologue is followed by definitions of transparency and accountability and a discussion of how these concepts were incorporated into the evaluation matrix developed for this study. The narrative explains how the assessment tool was created,

identifies the various stages of the budget process and parties involved, and describes how the matrix was applied to them. Afterward, a review of the state's policies and practices in relation to state statutes leads to a comparison West Virginia's budget-related characteristics with those of other states. This is followed by comprehensive discussions of the application of the evaluation matrix to legislative practices and executive agencies. A summary of findings, recommendations and concluding remarks completes the study.

The ultimate purpose of this report is to challenge and encourage the State of West Virginia to employ its own innovative resources to develop cutting-edge standards for transparency and accountability in the state's budgetary processes and to become the national role model for public access and engagement in fiscal planning and decision making. To that end, the authors offer an evaluative model that considers the state's unique government institutional attributes and provides a means by which institutional actors can advance transparency and accountability aspects of the state's budgetary process.

### **Measuring Transparency and Accountability**

Transparency of government activities at all levels is particularly important because it is a main condition for open decision-making processes and is part of the foundation of democracy. Budget transparency is always a necessary condition to good governance for several reasons. First, it enables every member in society to understand the budget process and its politics and language as well as the figures contained within it. Since taxes constitute the major source of revenue, transparency also provides the public with the opportunity to see where and how tax money is spent. Furthermore, transparency fuels public debate and enables realization of citizen participation in budget decision-making. Lastly, transparency promotes greater trust between the government and civil society.

Accountability has become synonymous with responsibility; in the political realm it is equated with holding elected and administrative officials responsible, and making them answerable for their actions and decisions. Public officials have fiduciary duty, that is, an obligation to act in the best interest of the state. Citizens rely on elected and administrative officials to exercise their discretion on behalf of their constituents, and to provide evidence of putting the state's best interests first through transparent government.

This examination of West Virginia's budgetary process was designed to assess transparency and accountability within the process. It began with the identification and isolation of specific factors that were determined to either promote or fetter transparency and public interaction in the budgeting process. The importance of these factors was determined by the impact that each has on the budget process. For example, the National Association of State Budget Officers (2008) notes in a recent report that in West Virginia budget office hearings are open to the public. Yet, in actual practice, these hearings are not open to the public. This

contradiction is a contributing factor to concerns about the transparency of the state's budget process. For this reason, it was considered along with other similar factors in order to gauge the level of transparency offered by the system in place.

Both the administrative and political aspects of the budget process had to be considered in designing the evaluation tool. Factors to be assessed within the administrative realm were combined into three categories: revenues and expenditures, audits, reviews and reconciliations, and online resources. An additional category, the legislative process from beginning to post-budget reporting, was added to assess legislative participation and transparency in the process.

Once the categories and factors were settled into a standardized evaluation metric, a rating scheme was designed. The rating scheme simply measured the presence or absence of the specified factors and the results were recorded as yes, no, or not applicable. Affirmative notations indicated the existence of the factor, whereas negative responses indicated that the factor was not present or existed as a function that did not adequately serve the system in a manner conducive to budget transparency. Again, because the factors being assessed were determined to be integral to a transparent and responsive system, negative notations would infer that the absence or ineffectiveness of the factor itself indicated a deficiency in the state's budgetary processes.

The evaluation tool was applied to all branches of government, their departments and their component agencies, bureaus, boards and commissions. For the most part, the discussions that follow on the assessments of the branches of government and administrative departments are comprehensive of all component agencies. Synopses of the findings follow the form of the evaluation tool, with discussions broken up into categorical components. These findings are subsequently distilled to generalizable recommendations of possible actions that could be taken to mediate identified deficiencies in budget transparency.

### **The West Virginia Budget Process**

The state of West Virginia adopted formal budget provisions early in the 20<sup>th</sup> century. In 1917, the budget Amendment was added to the state constitution in order to establish the state's budget system. The Amendment placed all responsibility for budget function with the Legislature. It required that all spending be effected through appropriations or supplemental appropriations legislation, and provided for extended legislative sessions in the event of failure to pass the required legislation. It also mandated the submission of itemized budget estimates from all state institutions and provided for public hearings to review these estimates. The constitutional directives for the budget process were amended in 1968 to expand and specify the responsibilities of the various institutions involved in the process. These directives shifted the power of the purse to the governor, where it remains today (WV Blue Book, 2007).

<b>Table 1: The West Virginia State Budget Process Timeline</b>
<b>July–September:</b> the Secretary of Revenue, governor’s office and the State Budget Office issue appropriation guidelines for state agencies. State agencies prepare budget requests and submit them on Sept 1. They are then reviewed by the State Budget Office and the Secretary of Revenue.
<b>September–October:</b> State Budget Office holds budget hearings with agencies to discuss appropriation requests and capital expenditure plans.
<b>November:</b> Department of Revenue makes official revenue estimates for upcoming fiscal year.
<b>December:</b> Governor releases final revenue estimates and budget recommendations.
<b>January: Governor presents executive budget to Legislature on the 2<sup>nd</sup> Wednesday of January, except following a gubernatorial election.</b>
<b>January-March (Legislative Session): Governor’s executive budget is referred to Senate and House Finance Committees for review and consideration. During this time, finance committees hold budget hearings with state agencies to determine recommended funding. Both finance committees pass a budget bill and present it to their respective legislative bodies for approval.</b>
<b>March (Legislative Session): The Legislature passes a balanced budget and presents it to the governor. The governor may veto the Budget Bill or disapprove or reduce items or parts of items contained in the bill. If approved the bill becomes a law and it referred to as the Budget Act. To override the governor’s vetoes, the Legislature needs a two-thirds vote.</b>
<b>April-July 1:</b> Expenditure Schedule Guidelines are filled out by State Agencies and submitted in April. The State Budget Office reviews schedules and they are approved by the Cabinet Secretary and entered into the WV Financial Information System. On July 1, appropriations are ready for agencies to process payments.

Source: West Virginia Center on Budget and Policy, Your Map to the State's Budget, [www.wvcbp.org](http://www.wvcbp.org)

### ***The Executive Budget***

The state’s annual budget process functions within a specific timeframe. With the beginning of the fiscal year each July, state agencies are provided with appropriations guidelines to assist them in preparation of their budget requests for the next fiscal year. After the requests are reviewed by the State Budget Office and the Secretary of Revenue, hearings are held by the State Budget Office to assess the appropriations and capital expenditure requests. These budget hearings provide the departments, commissions and other state

entities with the opportunity to provide additional information in support of their requests, answer questions, and identify any specific needs such as legislative and federal mandates or court-ordered funding. It is at this juncture that public participation should be initiated and encouraged, but unfortunately, the public is not entitled to participate in these hearings. The minutes of the hearings and documents distributed within them, such as spending proposals for state programs and capital projects (roads, bridges, drinking and waste water projects, etc.) are also not accessible by the public. Public input should be encouraged at this early stage of the budget process. The dates and times of these hearings and the documentation produced for, and as a result of, the hearings should be easily accessible by the public.

In November, the Department of Revenue provides the governor with the annual economic forecasts and revenue estimates. The governor's office, which oversees the Department of Revenue, "...has sole responsibility to establish the official revenue estimates of the State" (West Virginia State Budget Office, 2009). These estimates are finalized in December and then released by the governor's office.

The state's budget is developed on a cash basis, including only revenues and expenditures expected to be realized during the fiscal year plus any surplus balance from previous fiscal years that is available for appropriation. The governor is not legally required to submit a balanced budget; however, as a matter of practice, the governor submits a budget that is balanced. A 'balanced budget' recommends and appropriates only those revenues recognized in the "official revenue estimates" as provided by the governor and may also include any unappropriated surplus balances available from the prior year (West Virginia State Budget Office, 2009).

In January the governor presents his budget proposal to the Legislature with his State of the State address, usually on the second Wednesday of the month. The governor's executive budget includes two reports, the *Budget Report* and the *Operating Detail*, as well as the budget Bill. The text of the executive budget describes the *Operating Detail* as containing "...organizational charts, descriptive narrative information for every department/bureau/ commission, division, and program, detailed financial information related to actual expenditures, current budget, and requested appropriations by program and by fund, economic forecast, capital projects, and a profile of the State." It goes on to describe the *budget report* as containing "...the executive message, financial statements and the budget plan..." The budget bill includes the language required to legally enact the budget or appropriations bill.

*The GFOA Award:* Each year the Government Finance Officers Association acknowledges excellence in budget preparation by cities and states in North America through their distinguished budget award. The budget documents are rated by three independent reviewers as being "...either *not proficient*, *proficient*, or *outstanding* in regard to 27 specific criteria, grouped into four basic categories. The reviewer also provides an overall rating for

each of the basic categories. To receive the award, a budget document must be rated either *proficient* or *outstanding* by at least two of the three reviewers for all four basic categories, as well as for 14 of the 27 specific criteria identified as ‘mandatory’” (GFOA 2009).

The four categories for review are: the budget as a policy document; the budget as a financial plan; the budget as an operational guide; and the budget as a communications device. These broad categories are important for assessing the policies driving budget allocations, grading the financial plans for jurisdictions, rating the operational costs of a jurisdiction, and underscoring the ability of the budget document to convey policy implementation practices to its constituency. Under each category individual questions pertain to the relative proficiency of the state’s budget in meeting these ideals. Altogether there are 28 questions, most of which fall under ‘the budget as a financial plan’ category. Of note is that of these 28 questions, only 15 are mandatory. It appears from a review of the GFOA website and award information that some criteria are considered more important than others; however that is not defined within their documentation.

West Virginia has received the GFOA Distinguished Budget Presentation Award for 13 years, mostly recently for 2008. This is not surprising: the executive budget is well organized and contains substantial information about the budget process, the economic perspective for the state in general, and standardized staging of goals, objective and general budgets for each department. What the award does not measure, and what the state’s executive budget lacks is depth of detail in explanations of sources of revenue and program expenditures, and connections between performance measurements and fiscal costs and benefits.

### ***The Role of the Legislature***

Once the budget is presented by the governor, it is sent to the House and Senate Finance Committees for review during the Legislative Session (January – March). These two committees hold budget hearings with the departments, divisions, bureaus, etc. to evaluate their recommended funding levels for the upcoming fiscal year. These hearings are open to the public; hearing schedules are posted on the House and Senate calendars, both of which are available online. For members of the public who cannot attend the meetings, however, recordings or transcripts of minutes and copies of handouts presented at the hearings are not available. Documents and other testimony presented at the meetings are generally not available from the agencies either.

Each committee is charged with passing a budget bill; these two bills are then reconciled by the Budget Conference Committee into one piece of spending legislation, which is often very similar to the one presented by the governor and which is then presented to both legislative bodies for approval. The Legislature meets to address legislation only for the one winter session each year. The current calendar calls for an extension of one extra week beyond the

regular 60-day session; during this time only budget matters may be considered. The constitution requires that the Legislature pass a balanced budget. Once the budget bill is passed (it becomes the Budget Act at that point) and the Legislature is adjourned, it does not come back into session for the remainder of the year (except for monthly interim meetings), unless called back by the governor for a special session in which only pre-identified issues can be addressed. The bills passed by the House and Senate committees are not available to the public. The final bill sent to the governor is available online and delineates spending by line item; however, it does not provide the total cost of all appropriations.

The governor reviews the bill once the Legislature has adjourned, exercising his line-item veto power before signing the bill. He has five days to use his veto power; after that the Budget Act automatically becomes law. Should the Legislature want to restore any items vetoed by the governor it can only do so when in session again the following January; however, doing so requires a two-thirds majority vote. This was particularly notable in the passage of the FY 2011 budget, wherein most of the legislative changes made to the governor's budget were later vetoed, leaving the public with what amounted to the governor's initial budget.

The governor also has the power to transfer up to five percent of general revenue funds between agencies within a department without legislative approval during the fiscal year. He is simply required to notify legislative leaders three weeks in advance of the action. The public is not privy to these actions, and with the Legislature only in session the first two months of the year, it is powerless to prevent any such activity should it have objections.

There is no reconciliation between the governor's budget, the budget legislation, and the enacted bill. The governor's veto message is also a separate document. All these documents are available online from the State's Budget Office, but ultimately, the multiple documents can be confusing for the public, as there is no one document that provides the results of the process. In addition, any other legislation that might impact the state's revenues or expenditures is not identified or provided; links to the legislation and, importantly, fiscal notes that pertain to the legislation, would be very helpful. The same suggestions hold for proposed legislation.

After the Legislative Session and through the end of the fiscal year, state agencies are required to report expenditures to the State Budget Office for review. Unfortunately, these reviews are not made available to the public, nor are they accessible online from the Budget Office or any of the state's websites. Upon completion of the review and acceptance of the expenditures, the process begins all over again for the next fiscal year (an illustration of the budget process calendar is contained in Section II).

During the course of the year, the State Budget Office conducts special evaluations of state agency operations. In addition, internal programs within the departments monitor

attainment of budget goals and objectives. Unfortunately, reports of those evaluations and assessments are not posted on the Budget Office or departmental websites, or in any other venue that would make them accessible to the public.

*The Legislative Auditor:* According to the Executive Budget Report (West Virginia Governor's Office, 2010, p. 71):

“ the Legislative Auditor compiles fiscal information for the Legislature; makes a continuous audit and analysis of the State budget, revenues, and expenditures; makes periodic post-audits of the revenues and expenditures of the spending units of the State government; reports any misapplication of State funds or erroneous, extravagant, or unlawful expenditures by any spending unit; and makes recommendations to the Legislature concerning the post-audit findings, the revenues, and expenditures of the State and the organization and functions of the State and its spending units.”

Clearly, the Legislative Auditor's Office is charged with considerable responsibility, but it appears that its ability to follow through with these requirements is severely restricted. It is not authorized to provide the Legislature with independent annual economic forecasts that could be compared and contrasted with the governor's estimate. Also, its ability to review fiscal notes related to proposed legislation is dependent upon receipt of all necessary information from the initiating department, which, at times, may be unavailable even at roll call.

Departmental audits are scheduled on a rotating basis, with anywhere from two to ten years between reviews. These reviews tend to focus on particular agency or program issues rather than comprehensive departmental audits; in fact, some departments have yet to be fully audited. As a result, agencies with compliance violations or problems with issue-based audits are rarely reevaluated to assure remedial action. Reviews of annual department/agency/program spending to identify those entities whose expenditures exceed or are significantly below annual appropriations are non-existent; while they may be conducted internally or by an administrative office, there is no independent oversight of executive fiscal management. A copy of each audit report, when completed and certified by the Legislative Auditor, is filed with the Department of Administration as a public record and with the Attorney General for any action he may deem necessary.

Legislative performance reviews are also conducted by the Legislative Auditor's Office, based on a schedule set by the legislative fiat. In addition to statutory reviews, the Auditor's Office also performs agency, compliance and regulatory board reviews. Audit reports for the last ten years are available at the Legislative Auditor's Performance Evaluation Research Division (PERD) website. Audit results are delivered to the Joint Committee on Government Operations, who can recommend that the agency under review be terminated, continued and

reestablished, or amended to correct ineffective or discriminatory practices or other deficiencies.

### **How Does West Virginia Compare to Other States?**

It appears that none of the fifty states initiates public discourse about budget policy prior to the commencement of its budget calendar or development of the fiscal year's proposed budget. Twenty-one states hold public hearings once their executive budgets have been developed, but West Virginia is not one of them. West Virginia's legislative budget hearings are open to the public (NASBO 2008).

West Virginia is one of 29 states on an annual budget cycle. The remaining states have biennial cycles, except Kansas and Missouri, which maintain a combination of the two. The state's budget office is responsible for planning, program evaluation and cash management; however is not accountable for statewide performance measures, tax expenditure reporting, debt management or economic analysis. The state has no formal revenue estimating group; the Department of Revenue acts as the governor's economic advisor, with the Legislature deferring to executive branch estimates. Revenue estimates are made each January, February in election years (NASBO 2008).

West Virginia is one of ten states with free standing budget agencies; budget agencies for the remaining states are contained in the governor's office or within other executive departments. Of all the states, West Virginia has the fewest budget agency personnel, with ten full-time employees, including three analysts, one computer technician, two administration staffers and four other staff. The salary range for budget analysts in West Virginia is the lowest in the nation (NASBO 2008).

Gubernatorial budget authority in West Virginia is similar to that of most other states in that the governor may spend unanticipated funds, reduce enacted expenditures, and enact restrictions on budget reductions without legislative approval, although these actions are subject to specified limitations and/or notification requirements. And, as is the case in most states, West Virginia's governor has authorization for line-item veto and the ability to delete and replace text within appropriations legislation. West Virginia is one of fifteen states that allows for veto of select words and one of only four other states that allows for gubernatorial authority to change the meaning of words within budget legislation (NASBO 2008).

### **Evaluating Constitutional Authority and Legislative Practices**

How do the state statutes relate to real-time practices within the statehouse? The assessment tool developed for this study was applied to current policies and procedures as they pertain to the relative portions of the West Virginia State Code.

The West Virginia State Code illustrates the many rules that are to be followed during the legislative portion of the budget process. Article 4 addresses legislative audits, powers, functions, duties and compensation. Article §4-1 compels members to attend all budget-related committee meetings and hearings. An unexcused absence may result in the immediate execution of an arrest warrant and a possible fine of up to \$6.00. While the code requires mandatory attendance, the assessment section below illustrates that there is no publicly available evidence of a record of attendance, such as a roll call, which lists those expected to be present to vote, or a list of witnesses present during any given meeting or hearing, or a log of minutes kept during the meeting or hearing.

Section	Measure	Yes	No	Comments
I. Attendance at meetings and hearings	A log of minutes is kept during legislative meetings.		X	Unable to find information stating whether or not there is a log kept.
	A list is kept of present witnesses during the legislative meetings.		X	Unable to find information stating whether or where a list of witnesses kept.
	A record of attendance is kept during legislative meetings.	X		As stated in the <i>Citizens Guide to the Legislature</i> "roll call is the first item of business by the committee clerk, starting to the immediate left of the chairman and continuing clockwise around the table." The requirement was not found in other documents.
	All those that are expected to be present during the voting sessions in budget hearings are present.		X	The roll call is not available to the public.

Article §4-2 elaborates on fiscal requirements, noting that "the purpose of this article is to provide for the more expeditious and efficient study and management of the financial problems which at each session confront the Legislature, and to provide a tighter and more economical control by the Legislature over the revenues and expenditures of the state." It lays out the responsibilities of the legislative auditor to compile fiscal information for the Senate and House of Delegates, provide a continuous audit and analysis of the budget, and conduct post-audit reviews at least every two years. Certified copies of each audit report are required

to be filed as public record with the Department of Finance and Administration, as well as with the Attorney General for any further action.

Section	Measure	Yes	No	Comments
II. Legislative Auditor's Office	The Legislative Auditor's Office ensures that necessary fiscal notes are attached to all proposed legislation prior to introduction of the bill.		X	Despite the fact that the Legislative Auditor's Office does perform this function the process can be slowed down drastically if a particular agency takes its time giving fiscal notes to the auditor.
	The Legislative Auditor's Office ensures that all fiscal notes accurately reflect projected fiscal impacts of proposed legislation.		X	
	A disinterested third party produces all fiscal notes.		X	
	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X	
	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.	X		Despite a "yes" answer, the lack of reliability and oversight of the work done raises questions of validity.
	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.	X		

Section II of the assessment matrix (above) indicates that involvement of the Legislative Auditor's Office in the budget process appears to be limited and inconsistent. Its statutory mandate to analyze and assess fiscal issues provides the underpinning for its independent development of economic forecasts to be compared with those prepared by the governor's office; yet this analytical tool is not contained in its toolbox. Further, its ability to assess and ensure the validity of fiscal notes is precluded by the lack of timely and complete information as well as the inability to enforce submission requirements; the implementation of penalties for

delays and incomplete disclosure of the fiscal effects of proposed legislation might ensure a more accurate and prompt response from agencies involved in the process.

Imposition of a submission deadline would allow the Legislative Auditor’s Office necessary time to analyze the fiscal disclosures prior to vote, as stipulated in the statutes. Our review of online of agency performance evaluations indicate that many agencies are not audited within the two-year requirement. It appears that there is no process in place to evaluate the audits and impose penalties for non-compliance or illegal acts. While they are forwarded to the Attorney General’s Office, per statute, there appears to be no follow-up or consequence for failure to remedy critical issues. Several reports were found to contain continuous citations for the same issues.

Article §4-2-6 compels the Legislative Auditor to prepare an appropriate budget for each spending unit at least 30 days prior to any Legislative Session and submit these reports to the appropriate committees with its findings, recommendations and notices of extravagant, unlawful or unlawful expenditures. Article §4-3 establishes the Joint Committee on Government and Finance as a statutory body. It also authorizes the Committee’s access to state agency and department records, mandates public hearings and authorizes witness testimony and production of evidence. While the statutes mandate access, the state codes do not specify to whom access is to be provided. Further, the code affirms that the committee is “empowered” to hold public hearings; however, it does not go so far as to require public meetings.

Section	Measure	Yes	No	Comments
III. The Budget Process and Documents	The budget is available to the public.	X		The governor’s budget reports are available online in PDF format. Hard copies can be ordered directly from the State Budget Office.
			X	The Legislature and/or Legislative Auditor’s Office do not prepare their own budget reports.
	A calendar of important dates for legislative sessions is available.	X		Meeting schedules for in-session activities are always posted in advance of meeting times.
	The public is made aware of budget hearings.	X	X	Hearings held by the State Budget Office are not accessible by the public so

				notices of hearing dates are posted or otherwise available.
	A schedule of House and Senate Finance Committee hearings is available to the public.	X		
	Joint Budget Committee hearings are open to the public.		X	Unable to find information.
	Specific state agency budget hearings are open to the public		X	Unable to find information.
	Minutes from legislative and agency budget hearings are available to the public.		X	Unable to find information.
	Documents distributed during legislative and agency budget hearings are made available to the public.		X	Unable to find information.
	Budget reports for individual state agencies are available.		X	Unable to find information outside of executive budget Report.
	The governor's proposed budget is available for review and recommendation by the public.		X	Unable to determine if the proposed budget is available for comments prior to submission to the Legislature.
	Party caucuses are open to the public.		X	Unable to find information.
	Floor readings are open to the public.		X	Unable to find information.
	During the budget process information is released in a timely manner to the public.		X	Unable to find information.

As the evaluation above indicates, only the governor's budget is readily available to the public, and then only after it has been submitted to the Legislature. The public has no access to the document as it is being developed. Schedules for meetings and hearings held during the legislative session are posted infrequently and, when available, are often posted just before or as the meeting convenes. It is rarely possible for interested members of the public, or even those in the Capitol complex, to plan in advance to attend a hearing or meeting. Further,

information about the hearings is generally not made available to the public after the fact; reports or other documents distributed are neither identified nor accessible to the public. Likewise, state agency budget hearings are not open to the public, nor are documents, such as individual agency budgets and supporting detail, identified or made available. It appears that minutes from these meetings are also not available.

Conversely, legislation can be accessed in numerous ways. As indicated in Section IV of the evaluation matrix, budget bills can be found by using a variety of identifiers including bill number, subject, key word, committee, or author or sponsor. Further, the governor’s veto actions and rationales are also available. From a budget perspective, the only thing missing is a reconciliation of the governor’s proposed budget, the appropriations legislation and those items vetoed. This reconciliation would provide the public with a clear view of the state government’s actual spending authority for the year and would be in keeping with the proscribed role of the Legislative Auditor’s Office.

Section	Measure	Yes	No	Comments
IV. Budget legislation	There is a system set up for the following search criteria:			
	Search for bills by number.	X		
	Search for bills by subject.	X		
	Search for bills by author/sponsor.	X		
	Search for bills by committee.	X		
	Search for bills by keyword.	X		
	Bills signed or vetoed by the governor are available.	X		Not only do they include the governor’s actions they also include a message from the governor stating why he has or hasn’t signed a particular bill.
	Bills that have passed are available.	X		
Bills filed by certain Chambers are available.	X		A section entitled <i>Bills Passed by One Chamber</i> provides the option to see House or Senate bills.	

In later sections we observe the extent to which state agencies use the Internet to provide information to the public. Here we examine the degree to which legislative processes and documents are accessible to the public via the web. At the West Virginia State Legislature website, House and Senate Budget Finance Committee calendars are identified and accessible, with agencies noted on specific dates in calendar format for House hearings and listed

chronologically for Senate hearings. Beginning with the 2010 Legislative Session, the House of Delegates began offering live streaming audio access to current meetings and hearings. An archive of meetings and hearings held earlier in the session, as well as meetings and hearings held by the state Senate, is not yet available.

The Citizens' Guide to the Legislature notes that through the Computer Subscriber System the Joint Committee on Government and Finance is authorized to provide free public access to portions of the Legislature's computerized data without prior committee approval. The information is required to be for non-commercial use and may be provided via the Internet or other electronic means. Currently, in relation to the Legislature's participation in the budget process, only basic information is available online.

So far, in addition to the governor's proposed budget, final budget legislation, and governor's veto actions, the state's constitution, statutes and codes are all accessible at the West Virginia Legislature website. House and Senate Daily Journals are produced in hard copy only and available to the public by mail upon request. Details about legislators, including biographical information and committee assignments, are on the web, as is written and diagrammed information on the state's budget process. Information about hearings, witnesses, testimony, and related documents, as noted above, are as yet not identified or accessible.

Section	Measure	Yes	No	Comments
V. Online resources	There are audio and video streams of legislative meetings.		X	Live streaming audio is available at the state Legislature's website. Archived videos of previous sessions are not provided.
	Budget documents are available online to the public.		X	
	Internet links are available for the following:			
	West Virginia Constitution	X		
	West Virginia Statutes	X		
	West Virginia Code	X		
	Senate Daily Journals		X	
	House Daily Journals		X	
	A comprehensible description of the legislative process is available at the Legislature's website.	X		However, the description may be difficult to understand for those not familiar with the legislative process

	There is a separate website for the Senate.	X		
	There is a separate website for the House.	X		
	There are separate websites for state agencies.		X	Not for all, nor is there any consistency between those sites that are online.
Comprehensible information is available on the following:				
	Information for individual House Members.	X		
	Information for individual Senate Members.	X		
	Information on individual committee members.	X		See House/Senate biography page.

West Virginia state code dictates that there is to be access to records of state agencies and departments, including public hearings, meetings, administration of oaths to persons testifying, and access to records of attendance regarding witnesses and production of evidence, but there is no explicit indication within the code of to whom access must be provided. Further, state code affirms that committees are “empowered” to hold public hearings, meaning that they are not compelled to open their activities to the public. However, the Citizen’s Guide to Legislature, which is available from the West Virginia Legislature website, interprets the state statutes slightly more transparently, noting that “other than executive sessions [which are] designated closed meetings, all committee meetings and hearings are open to the public. In addition, citizens may request to speak at scheduled public hearings as well as request that public hearings be held on particular issues and bills.” The Guide goes on to state that:

Proposed legislation pending before committees constitutes the vehicle for establishing statewide policy. For this reason the public, particularly the persons directly affected by the proposed legislation, have the right to be heard. It is essential that the opportunity for public hearings and adequate facilities for such hearings be provided. The rules of the House and Senate provide for such hearings. Adequate advance notice of such hearings should be given by public announcement. Committees of the House and Senate may hold joint hearings on important and far reaching bills. Joint hearings avoid duplication and afford the opportunity for both houses to hear the same testimony, eliminate the necessity for witnesses to attend dual hearings and conserve available research and clerical assistance. A public hearing is intended to give the public the opportunity to express its views regarding a measure. Members of the committee may ask questions of persons appearing before the committee, but it is not advisable to engage the persons so appearing in debate. The committee chair should not make his or her personal position on a measure obvious during a hearing to avoid the appearance of being prejudiced.

It appears that, commendably, the requirements spelled out in the Guide go beyond those spelled out in state statutes and codes. The Guide goes on to suggest that committee

members not make their own positions known in order to preclude the appearance of prejudice; that recommendation, however, appears at times to have fallen on deaf ears. But in support of those who make their perspectives apparent, one could argue that doing so allows constituents to ensure that lawmakers are accurately reflecting their views.

In summary, the assessment metric was used to evaluate the degree of accountability and transparency inherent in various legislative aspects of the process, including attendance at meetings and hearings, the role and responsibilities of the Legislative Auditor's Office, the budget process and documents, budget legislation, and online resources. The findings indicate that the Legislature makes some effort to ensure that the public has access to committee meetings and hearings, but less so constituents' awareness of and access to the information distributed within or resulting from these meetings. The recent addition of audio access to House meetings is a great move forward; however, access to meeting minutes, testimony, reports and other such documents remains an important omission. Limitations on the role and authority of the Legislative Auditor's Office impede it from completing its statutory requirements and hinder it from engaging in more expansive reconciliation and review efforts that would ensure more transparency within the budget process.

The budget documents available to the public online primarily include the governor's proposed budget and appropriations legislation. While the final budget bill is available, no reconciliation between it, the governor's budget, and subsequent vetoes is provided. In order to determine the enacted budget, constituents must go through the legislation and veto documents themselves to get final figures. On the plus side, the legislation is easily accessible online, as is information about the legislative process, the budget process, and legislators themselves. However, it appears that there are discrepancies between the statutes, the Citizen's Guide, and legislative practices. Finally, the reluctance of the Legislature to meaningfully participate in the budget process as evidenced by its reliance on the executive office for economic forecasts and fiscal planning, determination of fiscal impacts of legislation, and examination and enforcement of agency budget, performance and spending practices, appears to be characteristic of this governing body.

### **Evaluating the Administrative Agencies**

Each of the departments, divisions, bureaus, boards, and commissions for which the executive branch has administrative and oversight responsibility were evaluated for this study. The assessments were designed to be compatible with the categories designed in the executive budget's Operating Detail and include the Legislative and Judicial branches; the Constitutional Offices, which include the Secretary of State, the Treasurer and Attorney General, and Department of Agriculture; the Department of Administration; the Department of Commerce; the Departments of Education, Education and the Arts, Higher Education Policy Commission and Council for Community and Technical College Education; the Department of Environmental

Protection; the Department of Health and Human Services and the Bureau of Senior Services; the Department of Military Affairs and Public Safety, which includes the West Virginia State Police; the Department of Revenue; the Department of Transportation; and Miscellaneous Boards and Commissions. Detailed assessments of each agency, along with the evaluation metric, are contained in Section II. A general overview of common practices is provided here.

### ***Revenues and expenditures***

The only public access to state budget information is through the State Budget Office and the executive budget Reports. To its credit, the Budget Office's website contains easy-to-find links to the budget reports, the budget bill, and the governor's veto message. In addition, an archives link provides access to prior year budget reports. However, the reports provide only broad descriptions of sources of revenues and planned expenditures for the individual branches and agencies. There are financial statements for each department and the component entities, but sources of revenue are delineated as general, non-appropriated or special funds; there is no way to determine what specific fees and other revenues comprise special fees or the sources of the non-appropriated funds. Similarly, expenditures are broken down into personnel costs and "other." These "other" categories contain the preponderance of state spending; however, there is no way to identify specifically how taxpayer dollars are spent.

Lump-sum allocations of funds to specific programs are contained within brief descriptions of the programs, but again, details of how those funds are allocated and the specific revenue streams that support the programs are not included. There is no way to determine, for example, if fees for firearms registration cover the cost of the program's administration and regulation. It would be beneficial to be able to view a copy of each agency's budget request and a break-down of the final budget projections, including detailed revenues and expenditures, for all agencies within a department. This would be particularly helpful if the information was presented in a comparative chart that enabled the user to see how revenues were distributed within the department and how much each entity was spending and on what.

Some activities are funded by a variety of divisions, bureaus, boards, and commissions; for example, economic development funding is provided by the Governor's Office of Economic Opportunity, the Commerce Department's Development Office, and the Economic Development Authority, which is located in Miscellaneous Boards and Commissions. This makes it challenging, if not impossible, to determine how this funding is distributed, let alone the criteria for these distributions. Some boards and commissions appear to be redundant and easily folded into other agencies, and others receive funding in spite of sunset requirements. Comprehensive Annual Financial Reports (CAFRs) help to provide historic spending detail; however, its reporting structure and accounting presentation does not correspond to the budget report, calling into question the accuracy of both reports and making reconciliation between the two difficult.

Finally, the executive budget Report includes performance measures that are used to illustrate the success of agencies' fiscal data. The measures seem to be randomly selected and lack any connection between expenses and revenues, nor do they provide any performance results.

### ***Audits, Reviews, and Reconciliations***

There are indications that internal audits or reviews of financial activity are conducted by a limited number of agencies, and it appears that departments occasionally inspect the activities of their component agencies. Audits and reviews appear to be infrequent and random, with no set schedule or frequency. Neither the State Auditor nor the Department of Administration offer information to the public about the system used to schedule and perform audits or reviews of the financial activities of state agencies. Reports of findings from the rare internal audits and reviews that are conducted are seldom accessible by the public. Not surprisingly, reports of follow-up inspections to ensure corrective measures are taken for any violations noted are rarely available as well.

The Legislative Auditor's Office appears to have little interaction with state agencies, despite statutory requirements and oversight responsibilities inherent in the separation of powers. Ideally, the Legislative Auditor's Office should prepare and review fiscal notes; however in practice, agencies prepare notes for bills that affect them and deliver them to the Legislative Auditor. There is no way to determine the accuracy of the projections contained within the notes, and there are no oversight practices in place to ensure reconciliation of projections with subsequent actual revenues and expenditures if the bill passes. Agencies can wait until the last moment, to deliver a fiscal note to the Auditor's office, leaving the fiscal impact of a bill questionable or absent from legislation up for vote.

The Legislative Auditor's Office's Post Audit Division is charged with auditing the financial activities of the administrative agencies. According to Chapter 2, Article 2 of the West Virginia Code, it is required to conduct "post audits of the revenues and expenditures of the spending units of the state government, at least once every two years, if practicable; to report any misapplication of state funds or erroneous, extravagant or unlawful expenditures by any spending unit; and to ascertain facts and to make recommendations to the Legislature concerning post audit findings" (Legislative Auditor's Office, 2009). The list of reports issued this decade, as listed on its website, is for audits and reviews of particular issues or unique programs within agencies. Comprehensive audits of agencies or departments appear to be few and far between, and when they do happen, there is a considerable lag time between follow-ups. For example, the Division of Forestry was audited in 2002 and the related follow-up review was conducted in 2008. Consistent, comprehensive reviews of agencies' financial practices to catch significant discrepancies between budgeted costs and actual expenditures (a measure within our evaluation matrix) appear to be "a good idea." With the current structure, even if a

sizeable discrepancy was found in an audit, it would likely be attributed to strictly that aspect of the agency. Whether it would trigger a comprehensive audit is questionable. Follow-up would likely take at least two years, and notification to the Legislature for oversight and enforcement of corrective action likely would not occur.

The Legislative Auditor's Performance Evaluation and Research Division conducts performance audits of state agencies and programs but the requirements and schedule contained in Chapter 4, Article 10 of the statutes is broad that any kind of true oversight is discouraged. Departments are audited every seven years, boards every twelve years, and commissions are not even included in the schedule. Most of the audits found in this review were for specific issues, such as the risk management practices in relation to fire prevention requirements. Comprehensive departmental or even comprehensive agency audits were rarely conducted. However, when they were done, and when issue-related audits were performed, follow-up to ensure correction of noted violations and elimination of prohibitive practices rarely occurred.

### ***Online Resources***

Most department websites are devoid of financial information. For example, the Department of Administration's main page offers no financial information about the department or its individual agencies. The webpage seems more like a tool for state employees rather than an informative site for public use. The department's mission statement states that it is a state entity "whose actions are transparent to taxpayers." Beyond contact information, the department's main page is not helpful or insightful for the general public" (West Virginia Department of Administration, 2009). Based on the lack of fiscal information on the website it would appear the department is not meeting a key portion of its mission statement.

Some departments have very informative websites that contain contact information and mission statements, links to component agencies and programs and links to other state government information and resources, such as sites for the Legislature and governor. The agencies within other Departments, such as the Department of Revenue, even have links to their most recent CAFRs, and even to historical reports. But for the most part, fiscal information is scarce, and budget reports are non-existent.

Overall, there is no way for the public to access individual departmental budgets. The information is simply not available to the public in print or electronic copy. Component agency budgets for divisions, bureaus, agencies, boards and commissions are equally non-existent. The same holds for other financial records, such as disbursement data and revenue receipts. Reconciliations between budget reports, actual ongoing activity and historical data are also not offered. Finally, audit reports are rarely available from a department or agency website and those available from the Legislative Auditor's Office sites are generally issue-oriented. For the

most part, the public cannot obtain a comprehensive audit report for any given department or agency; nor can it see how violations and prohibitive actions identified in audit reports are resolved. Making complete, inclusive budget data available online would enable the public to get a full, clear view of how state government uses taxpayer funds. That would go a long way to adding transparency and accountability to departments' and agencies' fiscal practices.

### **Summary and Recommendations**

How transparent is the West Virginia budget process? How do public officials demonstrate accountability for their participation in the process? In what ways do they assure the public that they are living up to their fiduciary responsibilities?

To the state's credit, the current executive budget reports are available online and in print from the State Budget Office. In addition, reports for the previous four years can be accessed from the archives link on the State Budget Office's website. Other forms and reports are also available, including the State Government Organizational Chart, Revenue Reports, Estimates and Cash Flow for the current month and two preceding years, agency budget request forms and instructions, and the budget process calendar. In addition, the State Budget Office's website offers links to the state Legislature's site and to the current and previous year's enrolled budget bill and governor's veto letter. Additional links for other fiscal resources, such as the Department of Revenue, State Auditor's Office, and State Finance Division, and to the state's annual reports (CAFRs) are also listed on the State Budget Office's site.

Further, the executive budget reports are produced in a standardized format that allows ease of reading and comparison across departments. They provide a general overview of the state's economic expectations and fiscal planning for the current fiscal year as well as several years into the future. Department and agency mission statements and program descriptions are also well articulated in the reports. In addition, the state has received the Government Financial Officers' Distinguished Budget Presentation Award for each of the past 13 years.

In terms of public access to audits and reviews, copies of notes and reports for financial and performance audits conducted by the State Auditor's Office and the Legislative Auditor's Office are available online from the respective websites.

There has been some progressive technological development as well. The state's main web portal, for example, offers access to all departments. And, as recommended by the Sunshine Review (citation), state ethics codes are available online. On the Legislature's website, calendars of scheduled meetings are accessible at both the House and Senate pages. In addition, the House of Delegates recently added access to live streaming video of sessions to its website.

Public access to fiscal information of substance, however, is sorely lacking. The results of our review suggest a number of improvements that would increase transparency and accountability in the State's budget process and encourage a more informed citizenry.

### ***The Administrative Process***

The governor's office could take significant steps to improve the delivery of accurate, detailed fiscal information to the public. In terms of financial disclosure, the following actions are recommended:

- Provide detailed information about the sources of revenues and expenditures of public funds in executive budget documents.
  - All supporting documents, including agency budget requests and documentation provided in executive and legislative hearings, an electronic checkbook, documentation of receipts, and contract tracking, should be available in hard copy upon request and online.
  - The use of the "other" category should be eliminated and details of actual expenditures should be provided.
- Reconcile the proposed executive budget with the enrolled budget bill and the governor's veto letter to produce a final, complete budget document.
- Develop standardized financial reporting for budget and annual reports to allow for reconciliation.
- Require each agency to provide current budgets, supporting documents (see above) and historical financial reports on their websites in ways that are easily identified and accessible to the public.
- Supplement program descriptions with projections of sources of revenues and planned expenditures in a standardized format that will allow for comparison across programs and departments.
- Include the fiscal impacts of the performance measures illustrated in the reports.

Internal audits, reviews and reconciliations are another administrative aspect of the process. Oversight appears to be a weak link within the executive branch and its departmental offices. Fiduciary obligations go beyond disclosure; administrators are responsible for accurate and honest accounting of how public funds are used. To that end, audits, enforcement of corrective actions, and disclosure of findings and remedial procedures are essential.

- Create comprehensive, annual standardized financial and performance review processes for all departments and agencies.
- Ensure that internal audits are conducted every year.

- Install a process that ensures follow-up of compliance violations and prohibited practices within the year of discovery. Document results and refer failures immediately to the State’s Attorney General.
- Identify and investigate significant changes in revenues and expenditures.
- Develop improvement plans for agencies that score poorly on performance reviews.
- Post audit reports and remedial actions online at the department/agency websites in ways that make them easily accessible to the public.

### ***The Legislative Process***

Prior to 1968, the responsibility for the budget process was vested in the legislative branch. Constitutional budget reform moved that responsibility to the executive branch, leaving the Legislature with limited participation in the process. Ideally, the Legislative branch should provide checks and balances for the actions of the executive and Judicial branches, but that is not the case in West Virginia. The perception of legislators as “part-time” and/or “non-professional” does not relieve them of their fiduciary duty to their constituents. The results of this study suggest more engaged participation by the Legislature:

- Review state statutes, publications and current practices to eliminate errors and inconsistencies.
- Amend the constitution to eliminate the budget indemnity currently enjoyed by the judicial branch. Develop procedures to include its budget allocations within the budget process.
- Amend the legislative budget schedule to allow time for review of the governor’s veto letter and the ability to vote on those veto actions when desired.
- Establish a Legislative Budget Office. Responsibilities should include development of economic projections and creation of an annual state budget that could then be reconciled with those reports created by the executive office.
- Establish and enforce a standard system of reporting fiscal information. Legislation should mandate minimum requirements for reporting expenditures and revenues by line item. In essence, every fiscal and budget document should contain itemized revenues and expenditures that are traceable from acquisition of funding (i.e., taxes) to disposition with expenditures being detailed down to individual contracts, purchase orders, etc.

Reviews of the fiscal impact of proposed legislation and financial and performance auditing by the legislative branch are essential parts of the checks and balances system

inherent in government. The Legislative Auditor's Office currently does not possess the resources or support necessary to maintain the responsibilities with which it is charged. If fully functional, the office and its Post Audit and Performance Evaluation Research divisions could provide the state with the independent oversight needed to assure accuracy, transparency and accountability.

- Require and enforce agency submission of fiscal notes at least 30 days prior to introduction of legislation. Require the Legislative Auditor's office to produce its own assessment of the fiscal impacts of all proposed legislation and require that differences between its assessment and that of the agency be included with the legislation as it is introduced.
- Establish and enforce requirements for semi-annual comprehensive audits of executive and judicial branch departments and their component entities. Require and ensure annual follow-up reviews to ensure remediation of non-compliance and prohibitive practices noted in the previous audit. Require and ensure that the State Attorney General's Office be notified of those agencies that fail to take required corrective actions and require and ensure disciplinary action.
- Coordinate activities or combine the Legislative Auditor's Office with the Legislative Budget Office, when established.

In comparison to other states, West Virginia appears to be technologically challenged. Numerous states, such as Alabama, Missouri, Rhode Island, Texas, and Louisiana, have created transparency and accountability web portals which use the Internet to provide budget transparency and increase efficiency, accountability and taxpayer confidence. At least 18 states currently mandate that citizens have access to a searchable online database of government expenditures. These states' practices become the definition of "Transparency 2.0" – a new standard of comprehensive, one-stop, one-click budget transparency and accessibility. West Virginia currently has a state web portal but its development so far represents only a starting point.

- Update the websites linked to the State's web portal; many are unsophisticated and contain dated or inaccurate information. Branch/department/agency information most often provided is basic information, such as a mission statement, contact information, and other descriptive information. While this information is important, it does not offer any insight into the financial activities or records of the entities.
- Create a fiscal web portal that can be easily found by public search engines and easily accessed from the state's main web page. Include links to current and historical budget reports, legislation, supporting documents, CAFRs, and internal and legislative audit reports.

- Develop standardized web formats for departments and their component agencies and require that each entity's current and historic fiscal information (budget reports and documentation provided at hearings, reconciliations between budget requests and legislative appropriations, electronic checkbook, contract management, CAFRs, etc.) are posted on the site in ways that are easily identifiable and accessible by the public.
- Post definitive information (dates, places/rooms, and times) about agency budget hearings on legislative calendars and also on the agencies' websites at least 30 days prior to meeting dates. Require that transcripts and all documents be accessible from both the legislative and agency websites.
- Expand the use of streaming video technology to the state Senate. Establish an archive of video recordings for later viewing, and ensure that agency budget hearings are accessible by live and archived video. Explore technology that would allow for public participation in hearings via the Internet.

### **Conclusion**

When the state's budget bill is passed and signed into law it becomes a legal mandate. In order to preserve administrative discretion and flexibility in annual spending, sources of revenue and expenditure listings for the branches, departments and their component entities are listed as 'other' or 'unclassified' line items.

Public administrators need to balance discretion with accountability. How much independent discretion should executive agencies and administrators have over their budget? More specifically, how much discretion beyond legislative mandate is appropriate? The centralized control of budget spending within the governor's office and department heads lacks the 'checks and balances' that are integral to government and should be inherent in public decision-making. The budget process is and always will be political; as state government grows and state budget expenditures increase, more deliberation and participation is imperative. The West Virginia State Legislature must play a larger role in developing the annual budget. Increased analysis, deliberation, and external review of projections performed by a legislative budget office would promote 'checks and balances' between the different branches of government. The investment of additional resources would yield significant return by enabling objective cost-benefit analysis and program evaluation in a separate branch of government.

Traditional incremental budgeting in West Virginia can sometimes lead to flawed decision-making; efforts toward performance and program budgeting should be given adequate consideration in budget development. These measures would enhance accountability of the budgeting process. Transparency could be further addressed with cost-effective Internet technology methods. With growth in Internet technology, there is a trend toward

revolutionizing transparency and accessibility to information through use of the Internet. It has been argued that this national trend is bipartisan, publicly supported, increases civic engagement, relatively low cost, saves overall money, better targets expenditures, and better coordinates government contracts (Baxabdall 2009 et. al.). It is easy to visit the websites of other states and see the wide benefits and transparent nature of the fiscal portals. West Virginia is not among the leading states in web transparency, and should do more to create a user-friendly web portal that provides citizens the ability to search across all agencies regarding expenditures and other detailed information.

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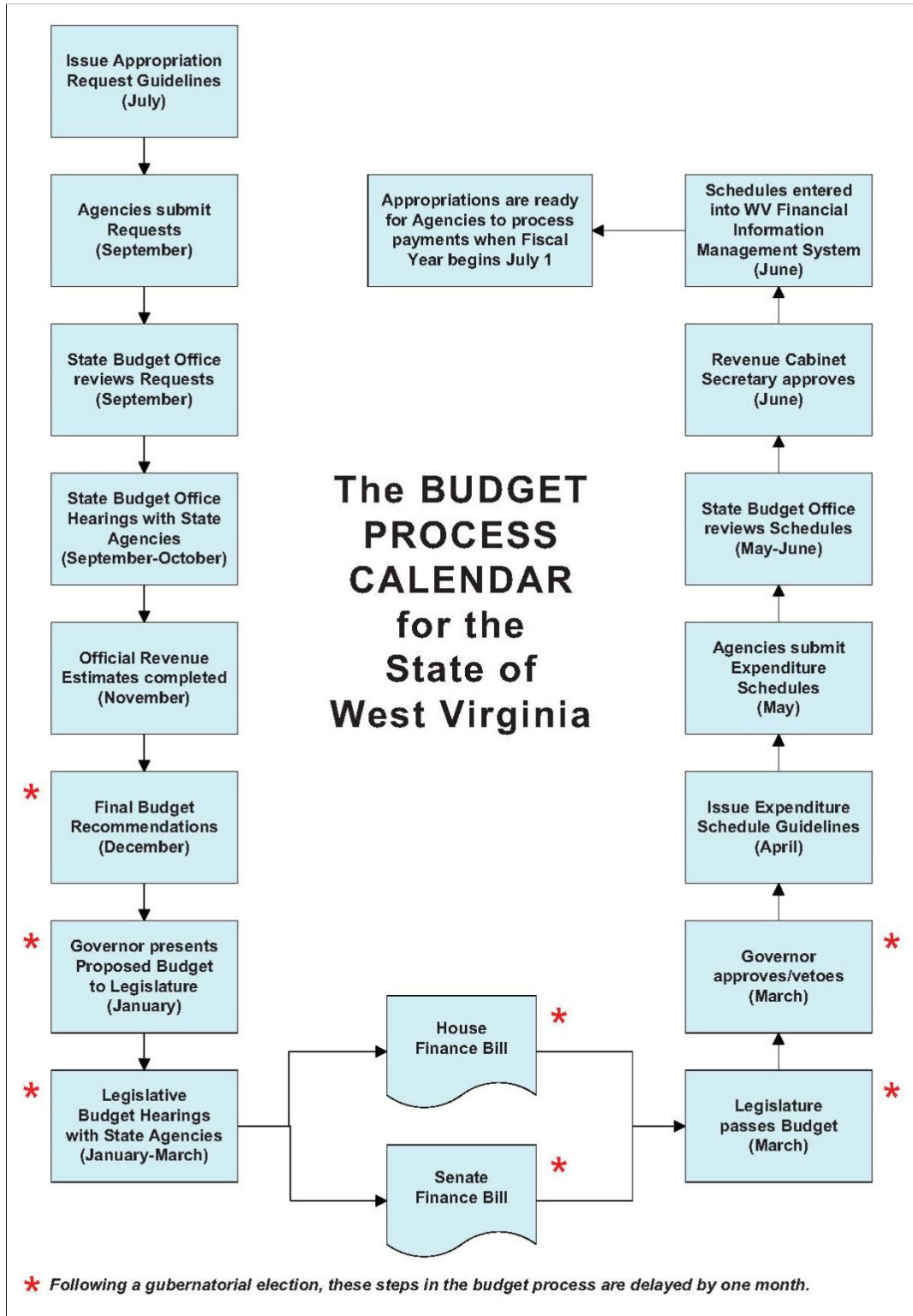
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## SECTION II

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## The Budget Process Calendar



Source: West Virginia State Budget Office, Department of Revenue, <http://www.wvbudget.gov/>

## **Evaluating the Branches, Departments, Bureaus, Agencies, Boards and Commissions**

Each branch of government and the departments, bureaus, agencies, boards and commissions within them were examined using the evaluation tool described in Section I. The following sections discuss the findings of these reviews. A completed evaluation matrix, which illustrates how each branch, department, or board/commission fared in the assessment, provides a comparative perspective.

### ***The Legislative and Judicial Branches***

The legislative and judicial branches provide a great service to the state and its citizens. In an era in which the world revolves around the Internet and instant access to information, it is disappointing that these two branches, which play such pivotal roles in state governance, lack budgetary transparency. While the websites for the two branches provide a wide array of information, they lack fundamental information about how they function and manage their fiscal resources. This is illustrated by the majority of “no” answers in the evaluation matrices.

Both branches of government have strong roles in state governance and are able to articulate their contributions through their websites, yet when talking about the nuts and bolts of their operations they lack information. The legislative website contains information about legislators, their staff, bills, and committee assignments. Yet the appropriations bill that provides the foundation for their budget and that of the state does not give detailed descriptions of how the funds are used and delivered. Similarly, the Supreme Court’s website has vital information about what it does and descriptions of current cases. But again, the site lacks information about how it is funded and how it spends its budget.

A broad perspective of each branch’s annual budget is contained within the governor’s budget, but it does not detail sources of revenue or planned expenditures. This level of detailed disclosure should be included in the Operating Detail section of the governor’s budget. But these reports and substantiating data should also be available to the public through the respective branch websites – particularly since these two branches differ from all other agencies and offices in that they do not have to provide a request for appropriations.

### **The Legislative Branch**

This assessment of the legislative branch of state government differs from the discussion and matrix contained in Section I, which focuses on the role of the Legislature in crafting, passing and auditing the annual state budget. Here the emphasis is on how well the legislative branch, which includes administrators and auditors as well as legislators, discloses detailed budgetary information, such as sources of income and distribution of

expenditures, regarding its operating and administrative activities. In addition, this review examines the ways in which the legislative branch ensures that this information is available and accessible to the public. The following matrix illustrates the results of this evaluation:

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		No		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.	Yes			Has a section for other expenses but is a minor amount.
	3	Program funding received from multiple sources is disclosed in detail.	Yes			All the money comes from the State General Fund but employee benefits are paid for by federal funds.
	4	Funding shared among agencies is disclosed in detail.	Yes			The two chambers of the Legislature have joint expenses which are shown on a separate spreadsheet.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		No		The public has the access to contact their representatives about different issues including the budget but did not see a specific link about contact about upcoming budget.
	6	Comprehensive financial documents for each agency are readily available.		No		Could only find it in the bill form on the Legislature website.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, is readily available.		No		
	8	Historical and projected revenues are included in the budget document.		No		The published version of the budget goes back one year and forward two years.
	9	Historical and projected expenditures are included in the budget document.		No		The published version of the budget goes back one year and forward two years
	10	There is a standardized format for agency budget presentation in the governor's budget.	Yes			
	11	There is a standardized format for agency budget presentation on the web.		No		
	12	Sources of <i>non-appropriated special</i> funds are provided.		No		
	13	Sources of <i>appropriated</i> funds are available.		No		
	14	Sources of <i>special</i> funds are available.		No		
	15	Sources of <i>non-appropriated</i> funds are provided.		No		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	Yes			The West Virginia Crime Victims Compensation Fund has a section for goals and objectives and the other two have sections about needing more money for projects improvements.
	17	Budget line item numbers are consistent across all agencies.			N/A	
	18	Line items contained in all available agency budgets are explained or referenced.		No		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		No		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		No		Done as one lump sum.
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		No		

<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.		No		State Budget Office creates all fiscal notes.
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		No		The committees review the fiscal notes and evaluate the fiscal impact of the bill.
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		No		
	4	Economic projections are produced each year by the executive branch and legislative branch.	Yes			The Finance Committees present their projections at the beginning of session.
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		No		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		No		By code the auditor's audits specific agencies or departments on a schedule described by code and others as needed but is not done annually.
	7	Performance review audits of budgetary for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		No		There are members from both chambers and citizens who make up the Joint Committee on Government Operations.
	8	The Legislative Auditor's Office reviews significant (25 %) increases or decreases in agency prior year expenditures or revenues.		No		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.	Yes			If the committee thinks that the agency has issues, it can request a compliance review to decide if the agency is viable or should be nullified.
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.			N/A	
	11	The governor's office has written procedures in place to ensure that corrective issues identified by legislative audits are corrected prior to the subsequent audit.			N/A	
<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		No		The Legislature has a very useful and easy-to-navigate website; it just does not provide any financial information.
	2	Legislative finance committee members' contact information is available online.	Yes			
	3	Legislative finance committee meeting times and agendas are available online.	Yes			
	4	Live or recent tracking of expenses paid is available to the general public online.		No		
	5	Current agency budgets are published online.	Yes			The budget Bill allocations provide lump-sum allocations and no detail.
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		No		Old bills are available online but it would take some work to gather that information.
	7	Agency expenditures are broken down by amount, activity and recipient.		No		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed.		No		They are provided at the meetings to those who attend
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		No		

	10	The governor's office has written procedures for online disclosure of budget information to the public.			N/A	
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.	Yes			Diana Schwab
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		No		Does not say that they do but they have a large staff that could post research when it is complete and has been approved by Director John Sylvia.

### The Judicial Branch

The Judicial Branch is the only entity within state government that is constitutionally entitled to establish its own budget. It submits its spending plans to the governor at the beginning of each year for inclusion in the executive budget. The governor and Legislature have no control over the judicial budget; it would take a constitutional amendment to alter this arrangement. The only source of information on the budget for this branch is the executive budget report.

Category		Measure	Yes	No	N/A	Comments
<b>I. Revenues and Expenditures</b>	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		X		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.	X			Has a section for other expenses but is a minor amount.
	3	Program funding received from multiple sources is disclosed in detail.	X			All the money comes from the State General Fund but employee benefits are paid for by federal funds.
	4	Funding shared among agencies is disclosed in detail.		X		Disburses funds to the lower judicial branches for government.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		X		
	6	Comprehensive financial documents for each agency are readily available.		X		Could not find it on the Supreme Court website and could only find it in the bill form on the Legislature website.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, is readily available.		X		
	8	Historical and projected revenues are included in the budget document.		X		The published version of the budget goes back one year and forward two years.
	9	Historical and projected expenditures are included in the budget document.		X		The published version of the budget goes back one year and forward two years.
	10	There is a standardized format for agency budget presentation in the governor's budget.	X			
	11	There is a standardized format for agency budget presentation on the web.		X		
	12	Sources of <i>non-appropriated special</i> funds are		X		

		provided.				
	13	Sources of <i>appropriated</i> funds are available.		X		
	14	Sources of <i>special</i> funds are available.		X		
	15	Sources of <i>non-appropriated</i> funds are provided.		X		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.		X		The West Virginia Crime Victims Compensation Fund has a section for goals and objectives and the other two have sections about needing more money for projects improvements.
	17	Budget line item numbers are consistent across all agencies.		X		
	18	Line items contained in all available agency budgets are explained or referenced.		X		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		X		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		X		Done as one lump sum.
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year		X		
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.		X		State Budget Office creates all fiscal notes.
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X		The committees review the fiscal notes and evaluate if the fiscal impact is too great for the new bill.
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X		
	4	Economic projections are produced each year by the executive branch and legislative branch.	X			The committees present their projections at the beginning of the session.
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		X		By code the auditor's office does specific agencies or department on a schedule described by code and others as needed but not annually.
	7	Performance review audits of budgets for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X		There are members from both chambers and citizens who make up the Joint Committee on Government Operations.
	8	The Legislative Auditor's Office reviews significant (25 %) increases or decreases in agency prior year expenditures or revenues.		X		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.	X			If the committee thinks that the agency has issues it can request a compliance review to decide if the agency is viable or should be nullified.
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.			X	
	11	The governor's office has written procedures in place to ensure that corrective issues identified by legislative audits are corrected prior to the subsequent audit.			X	

<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		X		Judicial branch has very useful and easy-to-navigate websites but they just do not provide any financial information.
	2	Legislative finance committee members' contact information is available online.	X			
	3	Legislative finance committee meeting times and agendas are available online.	X			
	4	Live or recent tracking of expenses paid is available to the general public online.		X		
	5	Current agency budgets are published online.	X			The budget Bill appropriations are done in a lump sum, not in a detailed manner.
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		Old bills are online but time is required to gather information
	7	Agency expenditures are broken down by amount, activity and recipient.		X		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		X		They are provided at the meetings for the public that attend.
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
	10	The governor's office has written procedures for online disclosure of budget information to the public.			X	
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.	X			
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		X		Does not say that they do but they have a large staff that could post research when it is complete and approved by the Director.

### ***Constitutional Offices***

The state's constitutional officers include the Governor, Treasurer, State Auditor, Attorney General, Secretary of State, and Commissioner of Agriculture. With the exception of the Treasurer's Office, each office is responsible for a variety of agencies and commissions.

Included in the governor's office are the governor's Mansion, Office of Economic Opportunity (not to be confused with the Economic Development Authority contained in the Miscellaneous Boards and Commissions, and the Commerce Department's Development Office), and the West Virginia Commission for National and Community Service. The Attorney General's Office oversees Administration, Appellate and Client Services Divisions. The Department of Agriculture is responsible for an Executive/Administration office, as well as Animal Health, Communications, Marketing and Development, Meat and Poultry Inspection, Plant Industries, Regulatory and Environmental Affairs Divisions, and the West Virginia Conservation Agency.

The Secretary of State's Public Division includes the Business Division, which oversees Business Licensing and the Public Division which administers elections and investigates election fraud. The State Auditor's Office includes the Chief Inspector, Communication, E-Government, Financial Services, and Information Systems and Technology Support, Land and Purchasing Card Divisions, as well as the Local Government Purchasing Card Program and Securities Commissions.

Each of the constitutional offices was assessed individually, yet the results were overwhelming consistent. Consequently, the following discussion applies to all offices, with examples taken from various divisions within the group. The evaluation matrix for the constitutional offices follows this discussion.

*Revenues and expenditures:* The Executive Budget Report Operating Detail provides broad-stroke fiscal projections. Pie charts are used to illustrate categorical sources of revenues and expenditures. For example, the revenue streams for the governor's office are noted as federal, general and other; whereas recommended expenditures are allocated by division for administration, the civil contingent fund, national and community service, and, the largest, economic opportunity (51%). Subsequent statements for each division break expenditures down to personnel costs and "other," with amounts in the "other" category accounting for the vast majority of annual spending.

Descriptions of each division include discussions of the unit's operating activities and goals and objectives. In addition, brief descriptions of the entities' programs include the number of full-time employees and total program costs. However, it is not possible from this information to determine the dollar amount of funds spent on program activities and the ways in which those funds are allotted.

*Audits, reviews and reconciliations:* It does not appear that constitutional offices or their component divisions are subject to review or examination by the Legislative Auditor's office. The Legislative Auditor's Performance Evaluation and Research Division (PERD) lists two reports for the Attorney General's office, but the subject of those reports is the tobacco settlement; PERD sources do not contain any reviews of operating activity within any of the constitutional offices.

Within the executive budget documents, illustrations of performance measures are not linked to costs or impacts. Measures include items such as the use of attendance figures for the Governor's mansion to determine public accessibility of the facility, and attorney retention as a primary means of facilitating attorney-client relationships. These measures do not address the cost of increased attendance or retention efforts, or the revenues or cost-savings generated by the efforts.

*Online resources:* All of the websites for the constitutional offices are very informative in terms of the services provided to the public. However, only the State Auditor’s site included current and historical annual reports. The Department of Agriculture’s site contains a link to the current annual report on the home page, making it virtually impossible to miss. The other offices contained no links or references to any fiscal information or reports. Not surprisingly, none of the sites listed any type of review or audit report.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		x		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		x		
	3	Program funding received from multiple sources is disclosed in detail.		x		Basic information provided; lacks detail.
	4	Funding shared among agencies is disclosed in detail.		x		
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		x		
	6	Comprehensive financial documents for each agency are readily available.		x		Annual statements for Dept of Agriculture and State Auditor.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		x		
	8	Historical and projected revenues are included in the budget document.	x			In the executive budget only. No budget information provided by constitutional offices.
	9	Historical and projected expenditures are included in the budget document.	x			In the executive budget only. No budget information provided by constitutional offices.
	10	There is a standardized format for agency budget presentation in the governor’s budget.	x			
	11	There is a standardized format for agency budget presentation on the web.		x		
	12	Sources of <i>non-appropriated special</i> funds are provided.		x		
	13	Sources of <i>appropriated</i> funds are available.		x		
	14	Sources of <i>special</i> funds are available.		x		
	15	Sources of <i>non-appropriated</i> funds are provided.		x		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	x			
	17	Budget line item numbers are consistent across all agencies.		x		
	18	Line items contained in all available agency budgets are explained or referenced.		x		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		x		The performance measures listed in the executive budget are not linked to costs to complete or benefits received.
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		x		There are several sources of economic development: the governor’s office, the Department of Commerce and an independent authority in the Misc Boards and Commissions.

	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		x		
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.			x	
	2	A disinterested third party reviews all fiscal notes prior to bill passage.			x	
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.			x	
	4	Economic projections are produced each year by the executive branch and legislative branch.		x		
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		x		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		x		
	7	Performance review audits of budgetary activities for all agencies/commission/departments/branches are performed annually by the Legislative Auditor's Office.		x		
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		x		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		x		The Legislative Auditor's Office does not review any of these offices or their component entities.
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		x		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		x		
<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		x		
	2	Legislative appropriations committee members' contact information is available online.		x		No information provided.
	3	Legislative appropriations committee meeting times and agendas are available online.	x			
	4	Live or recent tracking of expenses paid is available to the general public online.		x		
	5	Current agency budgets are published online.		x		
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		x		
	7	Agency expenditures are broken down by amount, activity and recipient.		x		
	8	The printed exhibitions prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed.		x		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		x		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		x		

	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.			x	
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.			x	

***Department of Administration***

The West Virginia Department of Administration is a large cabinet within the executive Branch that oversees seventeen governmental offices with over 900 employees. The divisions, agencies, commissions and boards that fall under umbrella of the Department of Administration include:

- Board of Risk Insurance Management
- Commission of Uniform State Laws
- Consolidated Public Retirement Board
- Division of Personnel
- Ethics Commission
- Finance Division
- General Services
- Information Services and Communications
- Office of Technology
- Public Employees Insurance Agency
- Purchasing Division
- Real Estate Division
- West Virginia Children's Health Insurance Agency
- West Virginia Prosecuting Attorneys Institute
- West Virginia Public Defender Services
- West Virginia Public Employees Grievance Board
- West Virginia Retiree Health Benefits Trust Fund

According to its mission statement, the Department of Administration strives to operate a cost-efficient, customer-oriented service department whose actions are transparent to the taxpayers resulting in innovative solutions and quality results for a government that effectively serves West Virginians. Each agency within the department was reviewed and scored individually. Although all agencies had websites, none of the agencies' sites contained any insights into their budget processes; thus, making it difficult to score or review the agency beyond the executive budget. The evaluation matrix for the Department of Administration (below) provides a consolidated assessment of the department. A discussion of the

transparency and accountability indicators within the matrix as they pertain to the department overall follows.

*Revenues and Expenditures:* Budget reports for all of the individual agencies, as contained in the executive budget reports, lack detailed disclosure of revenue sources. Expenditures are noted as coming from *general funds* or *nonappropriated special funds* – there is no discussion of revenue sources. Expenditure detail breaks spending down to employee costs and “other.” The lack of expenditure detail makes it impossible to determine how each agency spends its annual allocations and how and whether that spending supports its mission. In addition, there were no CAFR reports found in the various websites. This is a serious shortcoming as the CAFR would ideally close the gap produced by the lack of specifics in the executive budget. Without a clear, concise representation of revenues and expenditures, fiscal transparency and accountability are impossible.

*Audits, Reviews, and Reconciliations:* Very few agencies had audited financial documents. As one might conclude, it appears that this is a department-wide problem. In addition, it is unclear if agency program audits are performed regularly, if at all. The lack of information on audits, reviews and reconciliations at the department level, as well as the state level, made this aspect of the evaluation virtually impossible to score definitively. The results of audits conducted by the Department of Administration and reports from these reviews, as well as the metrics used when conducting the audits, are not available to the public. The Legislative Auditor’s Office lists several issue-specific reviews in 2008, including the fleet management administrative fee for the Aviation Division, a survey of agency satisfaction with department services, state records retention in relation to fire codes, and a 1998 review of parking meter codes; but there is no evidence of comprehensive agency or department audits. These and any other responsibilities or actions taken by the Legislative Auditor are not detailed on the agencies’ or department’s websites.

*Online Resources:* The Department of Administration’s main page offers no financial information about the department or its individual agencies. The webpage seems more like a tool for department and state employees. Beyond contact information, the departments’ main page is not helpful or insightful for the public in regards to the budget process. The department’s mission clearly states it is an organization “...whose actions are transparent to taxpayers.” Based on the website it would appear the department is not meeting a key portion of its mission statement. All of the agencies in the department are listed with links; however, many of the links are either dead or redirect the viewer to an entirely different website.

A 2009 Legislative Auditor’s Office report (PE09-07-453) indicates that the “consolidation of State Government Technology Services into the West Virginia Office of Technology is intended to reduce the cost of technology-related expenses and technical support, and provide better technology services to the executive Branch.” This may be a step in

the right direction in terms of upgrading and systematizing public online access to the state government’s fiscal practices.

*Recommendations:* Several factors would enable the Department of Administration to become more effective and accessible. Primarily, adoption of one set of standards for use across all agencies within the Department of Administration is essential. Those standards should include disclosure of sources of revenues and detailed expenditures; based on the use of a common line item accounting code to ensure consistency and comparability. Reconciliations between budgeted funds and actual spending, again with consist and corresponding line item assignments, should also be conducted annually and made readily accessible on the agencies’ websites.

With more and more people are using computers in their everyday lives, it is imperative that each agency also have a standardized website that has a streamlined appearance, user-friendly accessibility and consistently current and comprehensive information. Posted information should have searchable and downloadable data and include:

- Contact information
- Mission, goals, and objectives
- Links that are active and contain current information
- Financial documents
  - Documents provided at hearings and committee meetings
  - Current budgets
  - CAFRs
  - Detailed agency expenditures and sources of revenue
  - Explanations for significant increases or decreases in funding
  - Historical and projected budgets, audited fiscal notes and performance reviews
  - Names and dollar amounts of contractors and contracts

Additionally, online posting of department-wide annual or bi-annual audit results and subsequent compliance measures would go a long way to facilitate transparency and accountability and also maintain efficiency. Inefficiency and wastefulness in agencies are not always clear and recognizable until the organization is reviewed and evaluated.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		x		Budgets do not match.
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		x		
	3	Program funding received from multiple sources is disclosed in detail.		x		

	4	Funding shared among agencies is disclosed in detail.		x		No details.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		x		
	6	Comprehensive financial documents for each agency are readily available.		x		No details.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		x		
	8	Historical and projected revenues are included in the budget document.	x			One year before and after.
	9	Historical and projected expenditures are included in the budget document.	x			One year before and after.
	10	There is a standardized format for agency budget presentation in the governor's budget.	x			Formats need improvement.
	11	There is a standardized format for agency budget presentation on the web.		x		
	12	Sources of <i>non-appropriated special</i> funds are provided.		x		
	13	Sources of <i>appropriated</i> funds are available.		x		
	14	Sources of <i>special</i> funds are available.		x		
	15	Sources of <i>non-appropriated</i> funds are provided.		x		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	x			
	17	Budget line item numbers are consistent across all agencies.		x		
	18	Line items contained in all available agency budgets are explained or referenced.		x		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		x		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	x			
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		x		
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.			x	
	2	A disinterested third party reviews all fiscal notes prior to bill passage.			x	
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.			x	
	4	Economic projections are produced each year by the executive branch and legislative branch.		x		
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		x		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		x		
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		x		
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		x		

	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		x		
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		x		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by legislative audits are corrected prior to the subsequent audit.		x		
<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		x		
	2	Legislative appropriations committee members' contact information is available online.	x			Have to know who is on committee in order to find contact info -- names not listed.
	3	Legislative appropriations committee meeting times and agendas are available online.	x			Change without prior notice.
	4	Live or recent tracking of expenses paid is available to the general public online.		x		
	5	Current agency budgets are published online.		x		
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		x		
	7	Agency expenditures are broken down by amount, activity and recipient.		x		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		x		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		x		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		x		
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		x		
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		x		

### ***Department of Commerce***

The West Virginia Department of Commerce seeks to preserve and enhance the well-being of West Virginia citizens. The department is divided into nine divisions that set out to accomplish this mission. The divisions are as follows: Division of Energy, Division of Forestry, Division of Labor, Division of Natural Resources, Division of Tourism, Geological and Economic Survey, West Virginia Development Office, WORKFORCE West Virginia, and the Office of Miner's Health, Safety, and Training, which contains the Board of Coal Mine Health and Safety and the Coal Mine Safety and Technical Review Committee.

According to the department website, “the overall mission of the Department of Commerce is to promote and preserve the well-being of the citizens of West Virginia by providing a cooperative interagency system that stimulates diverse economic growth and increased employment opportunities for all West Virginians, encourages the appropriate use of our state’s abundant natural resources, improves the safety and productivity of our work force, and promotes the beauty and desirability of our state as a world-class tourism destination.”

The basic goals of the Department of Commerce are to stimulate economic growth in West Virginia; improve planning and coordination of infrastructure projects to address community water and sewer needs and to enhance opportunities for business and commercial development; assess our natural resources, and promote energy technologies and investment in these technologies; conserve, protect, and manage the state’s natural resources; and improve worker/workplace protection programs in the logging and mining industries and continue to implement programs for workplace safety and for wage and hour compliance.

To accomplish these goals, the department receives funds from the state. These agencies, boards, and committees are all required annually to submit individual budgets to the department for approval, and a consolidated budget is then sent to the governor so that funds may be allocated for the incoming year. For this assessment, each individual agency was evaluated. This section contains a consolidated analysis of the department’s budget processes and practices and recommendations on how to improve transparency and accountability. The scoring matrix is provided at the end of this section.

*Revenues and Expenditure:* Locating comprehensive annual financial statements for the department and its agencies is next to impossible. Short of requesting them directly from the agency, there appears to be no source for them, and then there is no guarantee that the request will be honored. They are not available online and without financial statements, it is difficult to compare past and present revenues and expenditures with the current and projected budgets. Furthermore, budgets of individual agencies are not available online. The Executive Budget’s Operating Report is the only source of information for department and agency fiscal data, and it contains only cursory information. Sources of revenue are not detailed, and expenditure details are limited to personnel expenses and “other” spending. The particulars for department and agency funding - their revenues and expenditures – and how that funding corresponds to their mission cannot be located by common citizens.

Reasons for spending tax dollars can only be explained through the goals and objectives of the agencies as reported in the governor’s executive budget. These goals and objectives are brief, at best, and do not provide any detail regarding budgeting and spending. There is no explanation of allocation of non-appropriated special funds, special funds, appropriated funds, or non-appropriated funds. The West Virginia CAFR provides financial statements for the state

as a whole, but does not break down financials based on agencies. While these documents at the agency and department level likely exist, they are not readily available to taxpayers.

*Audits, Reviews, and Reconciliations:* The availability of audited information is another area where the Department of Commerce appears to be lacking. The governor's executive budget touched on performance evaluation for each agency, but often chose only one question, seemingly unrelated to budget issues, to represent agency performance. The State Auditor's Office provided no detail regarding audits or reviews of the Department of Commerce budgets. A six-page "Budget Wrap-Up" was offered on the auditor's website; however, it provided only highlights of the budget bill, dates for interim committee meetings, and the enrolled budget bill, which broke down the departments by agency but provided no more detail than what is offered in the governor's executive budget.

The Legislative Auditor's Performance Evaluation and Research Division's website is hard to find and its last audits of the Commerce Department were reported in 2007. Its listing of audited agencies and departments does not include the Department of Commerce. Finding reports requires a keyword search, and it appears that there is no follow-up to ensure corrections and compliance once the reports are filed. As far as internal audits and reviews, the department notes on its website that its internal performance measures and self-assessment systems consist of:

**Budget Coordination** - The Department coordinates and approves the budget requests of all its agencies, including all improvement packages. In this process budget requests are compared against the successful management of the agency, as well as the prioritization of policy initiatives. This permits the limited staff resources at Commerce to be focused effectively upon the most appropriate use of state revenues.

**Employment Activities** - The Department reviews and approves the hiring of all employees in each of its agencies. This permits the Department to work with its agencies in providing for the best use of employee resources and ensuring that budget and management guidelines are met.

**Weekly Reports** - The Department receives a weekly written report from each division director. These reports update the Department on the ongoing operations of each division, including whether and how a division is addressing any particular problem or priority matter.

**Marketing and Communications Assessment** - Through its newly created Marketing and Communications Office, the Department coordinates and facilitates the media activities of all its agencies, including print, TV and Internet exposure. This is done in conjunction with the Governor's Office so that the public, as well as other branches of government, are provided with accurate and consistent information. In order to highlight the joint economic impact of its agencies and provide the most effective use of budgeted funds, the Department places a particular emphasis on interagency cooperation in its marketing efforts.

No other information or reports can be readily obtained without requesting further information directly from the agencies.

*Online Resources:* The Department of Commerce has a website and each agency contained within the department has its own website; however, relevant information could not be found on any of these online outlets regarding budget policies or practices. The websites did

a good job of listing contact information, which creates the possibility of requesting information from the department or its agencies, but other than direct request, the information cannot easily be accessed by the public.

*Recommendations:* This review of the transparency and accountability of budgeting policies and practices within the Department of Commerce illustrates the need for considerable improvement. There is no outlet for citizens to obtain important information about their department’s fiscal activities. However, the burden of this lapse in transparency does not fall solely upon the agency. It begins with the state.

West Virginia needs a web portal that rivals that of many other states- a standardized outlet that provides budgeting and spending information to its citizens. This web portal could solve the issues regarding transparency and accountability within all department and agency budgets, not just the Department of Commerce. If West Virginia would mandate that its departments provide the financial and budgetary information through this single application, West Virginians could become more active in the legislative processes and thus more informed. The key to a successful state is an informed citizenry; however, how can the public be informed when the information simply cannot be located?

Category		Measure	Yes	No	N/A	Comments
<b>I. Revenues and Expenditures</b>	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		x		Individual CAFR could not be located.
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		x		Unable to locate.
	3	Program funding received from multiple sources is disclosed in detail.		x		Unable to locate.
	4	Funding shared among agencies is disclosed in detail.		x		Unable to locate.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		x		Unable to locate.
	6	Comprehensive financial documents for each agency are readily available.		x		Unable to locate.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		x		Unable to locate.
	8	Historical and projected revenues are included in the budget document.		x		Not agency specific.
	9	Historical and projected expenditures are included in the budget document.	x			Included in the governor's budget, but lack detail.
	10	There is a standardized format for agency budget presentation in the governor’s budget.	x			The governor’s budget is standardized in the final publication.
	11	There is a standardized format for agency budget presentation on the web.		x		Unable to locate.
	12	Sources of <i>non-appropriated special</i> funds are provided.		x		Unable to locate.
	13	Sources of <i>appropriated</i> funds are available.		x		Unable to locate.
	14	Sources of <i>special</i> funds are available.		x		Unable to locate.
	15	Sources of <i>non-appropriated</i> funds are provided.		x		Unable to locate.

	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.		x		Goals and objectives are described, but not in detail with regards to costs of programming.
	17	Budget line item numbers are consistent across all agencies.		x		Unable to locate.
	18	Line items contained in all available agency budgets are explained or referenced.		x		Unable to locate.
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		x		Unable to locate.
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		x		Categories used in budget documents lack organization and structure.
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		x		Unable to locate.
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.		x		Unable to locate.
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		x		Unable to locate.
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		x		Unable to locate.
	4	Economic projections are produced each year by the executive branch and legislative branch.		x		Unable to find documentation that was agency specific.
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		x		Unable to locate.
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		x		Unable to locate any documentation regarding performance review audits.
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		x		Unable to locate any documentation regarding performance review audits.
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior year expenditures or revenues.		x		Unable to locate any documentation regarding performance review audits.
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		x		Unable to locate any documentation regarding performance review audits.
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		x		Unable to locate any documentation regarding performance review audits.
	11	The governor's office has written procedures in place to ensure that corrective issues identified by legislative audits are corrected prior to the subsequent audit.		x		Unable to locate any documentation regarding performance review audits.
<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		x		Access to budget documents via the Internet could not be located.
	2	Legislative appropriations committee members' contact information is available online.		x		
	3	Legislative appropriations committee meeting times and agendas are available online.		x		
	4	Live or recent tracking of expenses paid is available to the general public online.		x		
	5	Current agency budgets are published online.		x		

	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		x		
	7	Agency expenditures are broken down by amount, activity and recipient.		x		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		x		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		x		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		x		
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		x		
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		x		

### ***Education and Higher Education***

As a whole, the departments, commission and council evaluated here could be assessed as *needing considerable improvement*. Their budgets, as contained in the executive budget reports, provide pertinent, although incomplete, information regarding sources and uses of funds. Consistent use of the descriptive "other" to account for the vast majority of spending clearly indicates the need for a genuine effort to fully disclose revenues and expenditures in a detailed manner. In addition, current and historical detailed budget reports, financial statements and related reconciliations, as well as detailed reports of current revenues, expenditures and contractual arrangements are nowhere to be found.

Current (2009) performance evaluation reports for the components discussed here can be found at <http://www.legis.state.wv.us/joint/PERD/reports.cfm>; however there is no indication of previous audits or reports. It is essential that internal and external audits, reviews and reconciliations are conducted in a regularly scheduled manner and the results posted on websites in ways that make them easily accessible to the public. These reports should be posted on the department/council/commission websites, or at the very least, links to the reports contained on the Performance Evaluation and Research Division website should be provided.

Overall, online resources are lackluster. Only a few agencies had their annual reports online but none had its yearly budget posted. Connections to the legislative and executive branches are also not available.

The numerous agencies make it difficult for the public to determine those responsible for education administration, policy and funding. Transparency and accountability – and perhaps efficiency and effectiveness – may be enhanced by incorporating activities within the Department of Education and the Arts into the Department of Education.

### Department of Education

*Revenues and Expenditures:* The State Department of Education has done a mediocre job of divulging an adequate amount of information relative to revenues and expenditures. The department was relatively forthcoming with revenue sources which can mostly be attributed to the disclosure of the lottery fund located in the revenue sources portion of the budget report. However, sources of other special funds and non-appropriated funds were not able to be located. Further, expenditures for reporting purposes fall into two categories: personnel costs and “other.” Full disclosure would mandate a detailed delineation of those “other” expenses.

*Audits, Reviews, and Reconciliations:* The State Department of Education makes no mention of fiscal notes anywhere in the budget which is a significant accountability problem. Whether or not the Legislature and the governor develop the budget projections jointly could not be determined from the provided information. The negative scores in the audit section of the evaluation matrix are not indicative of a lack of oversight; rather there is an Office of Education Performance Audits which conducts this service. The Performance Evaluation and Research Division’s website lists a 2009 departmental audit report; however the report was not available through the department’s website.

It is important to note that some programs within the Department of Education claim some of the department’s funds but do not have their own separate agency budget and therefore cannot be measured with our assessment metric. Those agencies and programs include the State Board and State Superintendent, the Deputy Superintendent and Administrative Services, the Division of Curriculum and Instructional Services, the Division of Special Projects, the Division of Student Support Services, the Division of Technical and Adult Education Services, and the Office of Education Performance Audits.

*Online Resources:* The department offers a great deal of information that is absent from the online executive budget reports; however, this information is incomplete in terms of budgetary concerns. Valuable information such as accounting procedures and guidelines, state aid funding formulas, and many individuals’ contact information can be easily found. However, the breakdown and clarity of agency expenditures, as well as independent agency budgets, are not available.

*Recommendations:* The State Department of Education could make several minor changes which, collectively, would greatly increase their overall transparency and

accountability. First, future revenues and expenditures projections should mirror the five-year time frame of the executive budget. This change should include historical data as well since it is far easier to make informed budgetary decisions when the past is taken into account.

Second, the inclusion of fiscal note information that pertains to legislation that affects the department should be a top priority. Also, the inclusion of a third party evaluation of fiscal impact estimates, included in legislative and budget documentation and posted online, would ensure accuracy and increase transparency and accountability. Third, written documentation justifying any considerable increases or decreases in revenues or spending should be an internal requirement, subject to review by the Legislative Auditor's Office, and posted online for public access. In addition, the recommended improvements portion of the budget is too broad to justify the financial increases being requested. Longer narratives and line item specifics would provide greater validation of financial needs for the agency.

Finally, more clarity in the agency's performance measures would be helpful. The chosen language used is subjective and the example offered does not reflect a correlation between performance and funding. For example: *All students shall master or exceed grade level educational standards that reflect 21<sup>st</sup> century skills and learning*. These standards are measured by the WESTEST scores, but there is no explanation of the correlation between the statement and available data, nor is any connection offered between revenues, spending and the programs needed to ensure attainment of educational standards. It is not possible to determine if the department has sufficient funding to meet its mission, or how funds are spent in doing so. Overall, the State Department of Education has a great deal of room for improvement.

Education in the state of West Virginia is popularly believed to be weak in comparison to other states. In order for our state to become more legitimate it must depict budgetary information accurately, uniformly and timely. This information must then be displayed so that it is easily read, understood, and reached (online). Our educational system is essentially responsible for the future well-being and livelihood of our state, and should therefore lead by example and immediately make a number of fundamental changes to its inexcusable budget inadequacies.

### Education and the Arts

*Revenues and Expenditures:* The Department of Education and the Arts discloses its expenditures in a manner that is comprehensive and easy-to-follow. The budget breaks down the expenditures first by agency and then by program, making it easy to find desired information. However, the budget does a poor job of tying expenditures to revenues. The only information concerning sources of revenue is a broad and vague pie chart located within the operating detail.

*Audits, Reviews, and Reconciliations:* There is no mention of audits or reviews; the department only discloses its goals and objectives for the year. Additionally, these goals and objectives are extremely broad and ambiguous, and would be next to impossible to measure. The goals and objectives portion also failed to provide any empirical data.

*Online Resources:* The website failed to provide any desirable financial reports to its navigators. The only information which the agency provided was the address, phone number, fax number and staff list. The highly desired separate agency budget, meeting times, and performance reviews were nowhere to be found.

The Legislative Auditor's Office most recent report (Legislative Auditor, 2009) indicated deficiencies that included non-compliance with state code and appointment vacancies that preclude some boards, commissions or councils to perform as required. Further, they noted that sunset provisions exist for several entities, despite the repeal of the Sunset Law. Funding continues to be allocated to these supposedly inactive commissions, boards and divisions – the Capitol Building Commission, the Center for Professional Development, the Commission for National and Community Service, the Division of Culture and History, the Division of Rehabilitative Services, the Educational Broadcasting Authority Board, and the Records Management Preservation Board (which was found, in another audit, to be in violation of management requirements as mandated by state code) – for "other" expenditures.

*Recommendations:* The Department of Education and the Arts should first disclose its separate agency budget which it produces each year. In doing so, it should also clarify the accounting and budgetary practices used. Next, the department should better disclosure sources of revenues in its yearly budget.

Whether the Department of Education and the Arts is being audited by a third party is unknown; if this practice does occur, it should be noted and copies of the audits made available to the public. The audit results and recommended improvements should be contained in the budget document. Audits are important because they identify poor fiscal practices and should therefore be conducted, recorded, and considered when dispersing funds to separate agencies within West Virginia.

Very little information is available from the Department of Education and the Arts' website. It should provide at a minimum the information contained in the executive budget report. Other reports, such as a schedule of agency budget hearings, the agency budget and comparative five-year histories, and annual financial statements should also be listed on the site in a location easily accessible to the public.

## Higher Education Policy Commission/Administration/Public Colleges and Universities

*Revenues and Expenditures:* The only portion of the budget which accounts for revenue disclosures is a pie chart which breaks down the sources of available funds as: General 20.5%, Lottery 2.5%, Special 1.3%, Federal 2.7% and Other 73.0% (p. 472). Program expenditures are cohesively recorded in a detailed manner; however reports relating expenditures to revenue sources allocate expenditures into only two categories: personnel costs and “other”. That the majority of the commission’s expenditures are described as “other” impedes the ability to determine the ways in which funds are allocated and whether those allocations are consistent with the commission’s mission.

*Audits, Reviews, and Reconciliations:* This Higher Education Policy Commission does not provide any information on whether it has been audited and whether or not actions have been taken to follow up on any audits that have occurred.

*Online Resources:* The website does not provide any budgetary information but does adequately provide information on meetings in a timely and thorough manner.

*Recommendations:* The Higher Education Policy Commission should disclose comprehensive details of revenues and expenditures that make up the “other” categories.

The agency should also display current auditing information and steps taken to correct deficiencies. All information pertaining to the budget and audit processes should be readily available on the agency’s website.

## The West Virginia Council for Community and Technical College Education

*Revenues and Expenditures:* The revenue portion of the budget is displayed separately from the rest of the budget and in a different format. Revenues are shown in a pie chart with more than half attributed to “other.” Expenditures are shown on a separate page and in a line item format, with details limited to personnel expenses and “other.”

*Audits, Reviews, and Reconciliations:* The council did not disclose any information on audits, reviews, and reconciliations.

*Online Resources:* The council’s website contained a number of comprehensive annual financial reports and budgetary documents. It also advertised meeting information in a timely manner.

*Recommendations:* The budgetary suggestions for the council are similar to those for the Department of Higher Education. The sources of revenues and expenditures that are currently allocated to the “other” category should be listed in detail.

If audits, reviews, and reconciliations are conducted, related reports and other information should be fully disclosed to the public via the council’s website. Currently, no information on any of these practices can be found, leaving the public to assume that such oversight practices are not being managed.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		x		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		x		
	3	Program funding received from multiple sources is disclosed in detail.		x		
	4	Funding shared among agencies is disclosed in detail.		x		
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		x		
	6	Comprehensive financial documents for each agency are readily available.		x		
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, is readily available.		x		
	8	Historical and projected revenues are included in the budget document.	x			In the executive budget only but not in detail
	9	Historical and projected expenditures are included in the budget document.	x			In the executive budget only but not in detail
	10	There is a standardized format for agency budget presentation in the governor’s budget.	x			
	11	There is a standardized format for agency budget presentation on the web.		x		
	12	Sources of <i>non-appropriated special</i> funds are provided.		x		
	13	Sources of <i>appropriated</i> funds are available.		x		
	14	Sources of <i>special</i> funds are available.		x		
	15	Sources of <i>non-appropriated</i> funds are provided.		x		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	x			In the executive budget
	17	Budget line item numbers are consistent across all agencies.		x		
	18	Line items contained in all available agency budgets are explained or referenced.		x		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		x		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		x		
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year		x		
II. Audits,	1	A disinterested third party produces all fiscal notes.		x		

<b>Reviews and Reconciliations</b>	2	A disinterested third party reviews all fiscal notes prior to bill passage.		x		
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		x		
	4	Economic projections are produced each year by the executive branch and legislative branch.		x		
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		x		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		x		
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		x		
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior year expenditures or revenues.		x		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		x		
	10	The result of performance reviews, follow up inspections and corrective actions are available to the public as they occur.		x		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		x		
	<b>IV. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		x	
2		Legislative appropriations committee members' contact information is available online.		x		
3		Legislative appropriations committee meeting times and agendas are available online.		x		
4		Live or recent tracking of expenses paid is available to the general public online.		x		
5		Current agency budgets are published online.		x		
6		Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		x		
7		Agency expenditures are broken down by amount, activity and recipient.		x		
8		The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		x		
9		Performance reviews, follow-up investigations and corrective actions are available online as they occur.		x		
10		The governor's office has written procedures for online disclosure of budget information to the public.		x		
11		The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		x		

	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		x		
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**Department of Environmental Protection**

The Department of Environmental Protection (DEP) consists of the ten agencies: Division of Air Quality, Division of Land Restoration, Division of Mining and Reclamation, Division of Water and Waste Management, Executive/Administration, Air Quality Board, Environmental Quality Board, Oil and Gas Conservation Commission, Solid Waste Management Board, and the Surface Mine Board.

The DEP's provision of detail regarding sources of revenues, fund identification, and annual expenditures and their allocation to its various departments, agencies and programs is inconsistent. Performance measures for DEP are included in the executive budget Operating Report comparing actual with estimated future goals, but the information fails to stipulate the ways and means that revenues and expenditures will be used to achieve these goals. Individual agencies within DEP could make minor changes that would greatly increase their overall transparency and accountability, such as providing the public with advance notification of, and agendas for, legislative hearings, and providing financial data, including a current budget, on their websites. This section provides a comprehensive evaluation for the divisions and boards within the DEP. A summary of findings follows.

*Revenues and Expenditures:* Revenues and expenditures are provided in the executive budget operating detail for half of the DEP's divisions and boards. No fiscal information is provided for the Division of Air Quality, Division of Land Restoration, Division of Mining and Reclamation, Division of Water and Waste Management, and the Executive/Administration Department. The DEP's website contains a link to its annual report; however, no other fiscal information is available to the public.

Within the executive budget, sources of funds are generally disclosed; however, the report fails to detail those from "other" and "special" funds. How those funds are distributed to the various divisions and boards is disclosed in total, but within the subsections, expenditure details are limited to personnel costs and "other." Any relationship between sources of revenue and expenditures is absent from the report, as is any indication of how expenditures pertain to the components' missions. For example, the DEP's 2009 budget is more than double that of the prior year, yet there is no indication why the extra funds are needed or where they will be applied. Additionally, no supporting documentation, such as receipts and disbursements ledgers, is provided. Historical and projected revenues and expenditures are included, although to increase the transparency and accountability, a five-year historical and future projection, instead of only two years would be helpful.

The executive budget documents also include performance goals for each division and board within the department; however, there is no correlation between the goals and the ways in which revenues and spending are allocated to achieve those goals.

The department's annual budget is not listed on its website, and there is no link to the Department of Revenue's State budget website or the related executive budget reports. The financial statement provided online presents minimal information about expenditures, has a section titled "unclassified" in every agency that is disclosed, and is not consistent in reporting across divisions and boards.

*Audits, Reviews and Reconciliations:* As noted above, the Legislative Auditor's Performance Evaluation and Research Division lists one DEP audit, dated 2005, and pertaining to its efforts at cleaning dump sites. There is no evidence of a comprehensive audit of the department ever being conducted. Audits of the component parts are dated. The PERD website lists audit reports for the Air Quality Division and the Division of Water Resources, each dated 2002, apparently the last time either division was reviewed. The report for the Environmental Quality Board, also dated 2002, recommends continuation of the board despite serious compliance concerns. There is no indication of division or board response to, or compliance with, noted problem areas, nor is there any indication of follow-up by the Legislative Auditor's Office.

Within the executive budget, goals and objectives for each of DEP's ten divisions and boards, and total costs for individual programs are provided within the text, but there is no indication of specific costs within each program or how those costs further the goals and objectives. Similarly, detailed performance measures are provided, but observations about the fiscal impacts of the measures are not included. Additionally, performance reviews lack a pertinent tie back to the mission statement.

*Online Resources:* The Department of Environmental Protection provides an organized and relatively crisp website. Its 2007-08 annual report is listed under the Public Information tab; however, no budgetary or other fiscal information is provided, either on the DEP's main page or the pages for each individual division and board. Each individual agency has a pull-down section under the "Offices" tab that easily directs the reader to the respective websites, where valuable information such as mission statements and public comment information, and many individuals' contact information can be easily found.

There is no direct web connection between the DEP and the legislative appropriations committee members. Schedules of upcoming legislative hearings pertaining to DEP are also not noted on its website.

*Recommendations:* The Department of Environmental Protection could make many changes which, when combined, would greatly increase its overall transparency and accountability. Full, detailed disclosure of revenues and expenditures, correlation of performance measures to related costs and revenues, and performance of regularly scheduled audits, with follow-up and enforcement of remediation measures pertaining to compliance violations would go a long way to adding transparency and accountability to DEP activities. Posting a calendar of scheduled legislative hearings and meetings, the documents provided at those hearings/meetings, links to proposed bills with related fiscal notes, and proposed policy changes on the DEP website would add transparency and could encourage public participation.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		x		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		x		
	3	Program funding received from multiple sources is disclosed in detail.		x		
	4	Funding shared among agencies is disclosed in detail.		x		
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		x		
	6	Comprehensive financial documents for each agency are readily available.		x		
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		x		
	8	Historical and projected revenues are included in the budget document.	x			
	9	Historical and projected expenditures are included in the budget document.	x			
	10	There is a standardized format for agency budget presentation in the governor's budget.	x			
	11	There is a standardized format for agency budget presentation on the web.		x		
	12	Sources of <i>non-appropriated special</i> funds are provided.		x		
	13	Sources of <i>appropriated</i> funds are available.		x		
	14	Sources of <i>special</i> funds are available.		x		
	15	Sources of <i>non-appropriated</i> funds are provided.		x		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	x			
	17	Budget line item numbers are consistent across all agencies.		x		
	18	Line items contained in all available agency budgets are explained or referenced.		x		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		x		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	x			

	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		x		
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.		x		
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		x		
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		x		
	4	Economic projections are produced each year by the executive branch and legislative branch.	x			
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		x		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		x		
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		x		
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		x		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		x		
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		x		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		x		
<b>IV. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		x		
	2	Legislative appropriations committee members' contact information is available online.		x		
	3	Legislative appropriations committee meeting times and agendas are available online.		x		
	4	Live or recent tracking of expenses paid is available to the general public online.		x		
	5	Current agency budgets are published online.		x		
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		x		
	7	Agency expenditures are broken down by amount, activity and recipient.		x		
	8	The printed exhibitions prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		x		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		x		
	10	The governor's office has written procedures for online disclosure of budget information to the		x		

	public.				
11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		x		
12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		x		

***Department of Health and Human Services and Bureau of Senior Services***

Department of Health and Human Services

The Department of Health and Human Services (DHHR) consists of the Office of the Secretary, the Bureau for Behavioral Health, the Bureau of Child Support Enforcement, the Bureau for Children and Families, the Bureau for Medical Services, and the Bureau of Public Health. In addition, DHHR houses the Health Care Authority, the James "Tiger" Morton Catastrophic Illness Commission, the Commission for Deaf and Hard-of-Hearing, the Women's Commission, the WV Developmental Disabilities Council and the Human Rights Commission. The department also includes an internal general counsel, inspector general, human resources management, and a Communications and Legislative Affairs Office.

*Revenues and Expenditures:* The State Department of Health and Human Resources has an above average amount and variety of information available on its website relative to revenues and expenditures. The department was relatively forthcoming with revenue sources. Its primary source of revenue (65%) comes from federal sources; its remaining revenue comes from the state's general fund, special funds, and "other."

Links to fiscal information, such as current and historical budgets, financial statements, and disbursements, about DHHR and its bureaus is not evident at the department's website. The Executive Budget Operating Detail Reports provide broad-stroke information, including general sources of revenue (federal, general revenue, special fund and "other") and expenditures pertaining to personnel costs and "other." There is no indication of what comprises the "other" revenue and expenditures categories. This characterization holds true for all of the bureaus and commissions within the department.

Fiscal data about specific programs, however, is another matter. The department and its bureaus provide considerable fiscal data about specific programs, such as receipts and disbursements for Medicare, TANIF, and food stamps. The Division of Compliance and Monitoring is responsible for the development and implementation of select policies and procedures related to the administration and monitoring of grant funds awarded by the Department of Health and Human Resources (DHHR), and the establishment of various internal procedural safeguards to ensure compliance with applicable federal, state and professional

rules, regulations and grant management standards. Particularly, the Division of Compliance and Monitoring provides technical assistance and serves as a resource and liaison for grant-awarding units and administrative offices within the DHHR, as well as external grantee agents and representatives, regarding the independent auditing and reporting requirements imposed upon recipients of DHHR grant awards. The Department of Health and Human Resources Performance Audits conducts this service.

*Audits, Reviews and Reconciliations:* The department's Office of the Inspector General is charged with examining program activities and internal instances of possible employee fraud; it is not responsible for internal financial audits or reviews. The Legislative Auditor's Performance Evaluation and Research Division's website lists several audit reports dated 2003-2007. These reports, however, pertain to specific issues or programs, such as DHHR grantees (2003), enrollment of medical facilities in Medicaid and an examination of the Office of Pharmacy Services (2004) and a review of the in-come care waiver program (2007). It appears that an external audit of DHHR has yet to be performed. A review of the PERD site indicates that comprehensive audit reports for individual bureaus are either dated (2004 or earlier) or non-existent.

It appears that reconciliations between budgets and annual financial statements and between performance citations listed in the executive budget documents and program funding are not performed. There is no way to determine the costs incurred to meet the citations or how that spending advanced the department's mission. The reports that are provided do not provide sufficient detail to determine if spending for any given bureau or program met or exceeded budgeted allocations.

*Online Resources:* The department offers a great deal of information online. Valuable information such as accounting procedures and guidelines, state aid funding formulas, and contact information is easily accessible. Access to information on each bureau is available, though not "easily navigated". For example, <http://www.wvdhhr.org/Organization/2009DHHR> provides a Department Map by Bureau which includes links to each bureau website.

Access to fiscal information and reports is another matter. The DHHR website does not provide links to budgets, annual reports, or reports of receipts or disbursements. Nor does it provide information about budget hearings or other related legislative committee meetings, the documents presented at those hearings and meetings, links to proposed legislation and related fiscal notes, or other applicable legislative actions.

*Recommendations:* The Department of Health and Human Resources could make many minor changes which, when combined, would greatly increase its overall transparency and accountability. The information that is currently provided online could be more easily accessible and searchable. Obvious linkages between revenues and expenditures would enhance transparency. A searchable check registry and listing of grantees would add to accountability for taxpayer funds. Providing access to directories which come up as denied or

with broken links would provide more disclosure, as would clarifying the department’s performance measures.

Bureau of Senior Services

*Revenues and Expenditures:* The only portion of the executive budget report which accounts for revenue disclosures is a pie chart that breaks down the total available funds as follows: General 20.5%, Lottery 2.5%, Special 1.3%, Federal 2.7% and “Other” 73.0% (p. 472). The expenditures are cohesively recorded in a detailed manner.

*Audits, Reviews, and Reconciliations:* The bureau’s site does not provide any information on whether the agency has been audited. The only audit report listed on the Legislative Auditor’s PERD site is dated 2002. The report indicates compliance violations, however, there is no indication of follow-up to ensure or enforce correction.

*Online Resources:* The website does not provide any budgetary information but does adequately provide information on meetings in a timely and thorough manner.

*Recommendations:* Senior Services should provide details of what composes the “other” revenue and expenditure sources. The bureau should also make strides to display its audit reports, if and when they are conducted. All documents related to fiscal performance, including budgets, annual reports, and receipts and disbursements should be readily accessible online. Links to applicable legislative hearings, meetings, documents, and bills should also be clearly listed on the bureau’s website.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.	X			
	2	Relationships between sources of revenue and expenses are detailed in budget documents.	X			
	3	Program funding received from multiple sources is disclosed in detail.	X			
	4	Funding shared among agencies is disclosed in detail.	X			
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.			X	We do not know this from the website or the budget.
	6	Comprehensive financial documents for each agency are readily available.	X			The website is divided by category and bureau.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.	X			Saw disbursements, receipts were not easily identified.
	8	Historical and projected revenues are included in the budget document.	X			More historical data would be helpful.
	9	Historical and projected expenditures are included in the budget document.	X			Available and recommended expenditures are included in executive budget.

	10	There is a standardized format for each agency budget presentation in the governor's budget.	X			Yes, consistently formatted.
	11	There is a standardized format for agency budget presentation on the web.			X	In the governor's budget but not evidenced on websites.
	12	Sources of <i>non-appropriated special</i> funds are provided.	X			
	13	Sources of <i>appropriated</i> funds are available.	X			
	14	Sources of <i>special</i> funds are available.	X			
	15	Sources of <i>non-appropriated</i> funds are provided.	X			
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	X			
	17	Budget line item numbers are consistent across all agencies.	X			
	18	Line items contained in all available agency budgets are explained or referenced.	X			Other-needs further explanation.
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		X		Many goals were not achieved, and increased funding was given.
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	X			
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.	X			Line item changes over 10% need to be approved and reported.
<b>II. Audits, Reviews and Reconciliations</b>	1	A disinterested third party produces all fiscal notes.	X			
	2	A disinterested third party reviews all fiscal notes prior to bill passage.			X	
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.	X			Follow standard accounting procedures.
	4	Economic projections are produced each year by the executive branch and legislative branch.	X			
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.	X			
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.	X			
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.			X	
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.			X	
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.			X	
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.			X	
	<b>III. Online Resources</b>	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.	X		
2		Legislative appropriations committee members' contact information is available online.	X			
3		Legislative appropriations committee meeting		X		

	times and agendas are available online.				
4	Live or recent tracking of expenses paid is available to the general public online.	X			Auditor's office and DHHR.
5	Current agency budgets are published online.	X			Not easily found.
6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		3 years historical typical
7	Agency expenditures are broken down by amount, activity and recipient.	X			
8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		X		
9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
10	The governor's office has written procedures for online disclosure of budget information to the public.		X		
11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.	X			
12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.	X			

***Department of Military Affairs and Public Safety***

All divisions except State Police

This section includes all of the departments, divisions, commissions and authorities within the Department of Military Affairs and Public Safety (WVDMAPS) except the West Virginia State Police. Those considered in this evaluation include the Department of Corrections, Division of Criminal Justice Services, Division of Homeland Security and Emergency Management, Regional Jail and Correctional Facility Authority, Veterans Affairs, West Virginia State Fire Commission, and the Division of Juvenile Services.

*Revenues and Expenditures:* The above-named components of the West Virginia Department of Military Affairs and Public Safety were selected for review in this section because their budget scorecards identified them as having similar fiscal reporting deficiencies and a common general lack of budget transparency. The evaluation matrix (below) represents the net scores of these seven agencies.

It was determined early in the review that the factors which decreased transparency and stymied the practice of prudent fiscal accountability were common among agencies because they were organic to the budget process and legislative system and not necessarily a fault of the individual agencies themselves. Still, it is evident that administrators have taken very few steps to rectify the transparency shortcomings inherent to the budget and legislative

processes. For example, not one of the above agencies provides detailed sources of *non-appropriated special funds* or *appropriated funds* revenues. Compliance with GAAP standards requires that fiscal documents account for expenditures that are financed by these funds. Yet the state has no statutory requirement to require such disclosure. The concept behind unfettered budget transparency and accountability requires that this type of information be made as accessible as possible.

Another example involves the importance of uniformity in fiscal reporting. The printed and online versions of the executive budget for a given year contain information that is presented in a uniform format that is both useful and detailed to the extent that the reader gains a basic knowledge of actual, budgeted and proposed expenditures. Due to the size and scope of the executive budget, difficulty exists in supplementing general budget information with the detailed figures required for any true comprehensive budget analysis. The grave deficiency here is that through a resource as seemingly limitless as the World Wide Web, administrators in the Department of Military Affairs and Public Safety fail to provide standardized, supplemental and detailed budget information.

*Audits, Reviews, and Reconciliations:* As echoed throughout this report, the constitutional provisions for West Virginia's budget process and applicable statutes do not provide for adequate auditing and review functions. For example, research of legislative audits on component divisions and departments within the WVDMAPS found that the most recent legislative audit of the West Virginia State Fire Commission occurred in January of 2004. Similarly, the most recent review submitted to the office of the legislative auditor by the Juvenile Facilities Review Panel was dated January 1996. An examination of the Legislative Auditor's PERD website found no listings of audit reports for the department overall or for the State Police; apparently the Legislative Auditor's Office has yet to conduct an audit of its fiscal activities.

Reports were found on the PERD site for a few of the smaller programs administered by divisions and departments within WVDMAPS, such as the Mountaineer Challenge Academy which is administered under the Adjutant General's Office. One positive aspect about the legislative audits is that they reference statutory authority throughout, making it somewhat easy to research the WV State Code to find statutes that authorize specific funding and expenditures. Because this information is made available by an external agency, however, credit for a positive impact on transparency cannot be given to the agency itself as, again, its administrators have taken no action to make this information available.

*Online Resources:* The resources available on the Internet concerning the agencies covered in this section provide very little, if any, financial or budget information. While the websites themselves tend to be visually appealing, the content across the various agency websites is uniformly ineffectual. For the family wanting to learn how to contact an

incarcerated relative, the West Virginia Regional Jail and Correctional Facility Authority might be an outstanding source of information. Any individual interested in the fiscal and budgetary standing of these agencies, however, would be completely out of luck. Aside from a single page on the website for the West Virginia Division of Juvenile Services which describes the duties of the Assistant Director for Budget and Finance and finance staff of that agency, no fiscal information could be found. While links to the State Legislature homepage are often provided, none provides a direct electronic path to any fiscal or budgetary information.

The Division of Protective Services, West Virginia Parole Board, and Adjutant General’s Office the only agencies within the WVDMAPS that had absolutely no legislative, fiscal or budget information available outside of the WV State Legislature website. In short, any information required beyond that printed in the state CAFR, the executive budget or published in audits or reviews, had to be requested directly from the agency itself. This blatant indifference on the part of the agency administrators produces a clear hurdle in the pursuit of a government that strives to remain accountable and accessible to the citizens that it serves.

*Recommendations:* The need for increased transparency simply requires that information which already exists be made available with reasonable accessibility to citizens. Accessibility can be measured not only by the effort required to obtain information, but also by the ease of comprehension by the viewer. While complex principles of accounting will always provide some barrier to citizen understanding of fiscal data, the system can work to ease that burden by offering standardized, detailed presentations of information offered across multiple agencies.

Prior to developing accurate reporting measures, the means of reporting must be established. Each agency with a website has a medium available through which administrators can disseminate fiscal and budget information; however among the agencies examined here the opportunity for administrators to post the information appear to be consciously ignored. For this reason, it is recommended that legislative changes be made which require agencies to post fiscal and budget information on the Internet. Such rules by their nature would not only increase transparency, but could aid in the budget processes themselves in that basic fiscal information required by members of the executive and legislative branches for budget purposes would be available for quick access outside of budget hearings and public meetings or where such information may be needed for these functions but otherwise was not available. Moreover, it is simply a matter of accountability and responsibility owed to the citizens whose tax revenues fund these agencies that they are provided easy access to this information.

Section		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		X		Agency budgets are unavailable online, therefore no comparison can be made. Agency budgets were requested from both Department of Corrections and

					Adjutant General's Office via email on 23 NOV 2009 with no reply.
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		X	
	3	Program funding received from multiple sources is disclosed in detail.		X	While agency funding is disclosed in the executive budget, "Program Cost" is routinely the only figure displayed in regards to programs.
	4	Funding shared among agencies is disclosed in detail.		X	Evidence exists that agencies share funding and resources (i.e. program redundancies and 0 FTEs to operate multi-million dollar programs). This is not reported however.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.	X		As per WV State Legislative Rules.
	6	Comprehensive financial documents for each agency are readily available.		X	Financial documents are available through direct request to agency. Accessibility is hampered, however, as very few financial documents are available online.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		X	Not available online or in printed media. Upon request to agencies, most POCs were unaware of how to obtain information.
	8	Historical and projected revenues are included in the budget document.		X	
	9	Historical and projected expenditures are included in the budget document.	X		Historical expenditure data extending to only the previous fiscal year is available.
	10	There is a standardized format for agency budget presentation in the governor's budget.	X		
	11	There is a standardized format for agency budget presentation on the web.		X	
	12	Sources of <i>non-appropriated special</i> funds are provided.		X	
	13	Sources of <i>appropriated</i> funds are available.		X	
	14	Sources of <i>special</i> funds are available.		X	
	15	Sources of <i>non-appropriated</i> funds are provided.		X	
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	X		
	17	Budget line item numbers are consistent across all agencies.	X		
	18	Line items contained in all available agency budgets are explained or referenced.		X	Line items appear as a title with a dollar amount. There is no break-down or explanation of line item expenditures.
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.	X		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	X		
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		X	
II. Audits, Reviews, and Reconciliation	1	A disinterested third party produces all fiscal notes.		X	
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X	
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X	

	4	Economic projections are produced each year by the executive branch and legislative branch.	X			
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X		Governor signs appropriations bills into law after the end of the legislative session, therefore the opportunity does not exist for economic projections to be reconciled prior to enactment.
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		X		By law, these are required annually, however no reports or other evidence exists indicating audits occur for every agency annually.
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X		Provisions exist requiring audits, however audits are not completed on an annual basis for each agency.
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior year expenditures or revenues.		X		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.				Unknown
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		X		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		X		
IV. Online Resources	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		X		
	2	Legislative appropriations committee members' contact information is available online.	X			
	3	Legislative appropriations committee meeting times and agendas are available online.	X			
	4	Live or recent tracking of expenses paid is available to the general public online.		X		Division of Juvenile Services offers summary information of program expenses on website. They detail amounts, but do not tie revenue to expenditures.
	5	Current agency budgets are published online.		X		
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		
	7	Agency expenditures are broken down by amount, activity and recipient.		X		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		X		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		X		
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		X		

	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		X	IT personnel are shared among legislative offices and are not dedicated to any one function such as web posting and maintenance.
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The West Virginia State Police

*Revenues and Expenditures:* The West Virginia State Police (WVSP) is evaluated separately from the other component agencies of the WVDMAPS because of the agency's willingness and ability to not only accurately report budget and financial information, but to make it surprisingly accessible to the general public. Of the eleven agencies under the West Virginia Department of Military Affairs and Public Safety, the West Virginia State Police above all has made an exemplary effort to remain accountable for funding from its acquisition through sources of revenue, to disposition in expenditures. The agency's current annual report, as well as reports for the four prior years, provide detailed line item revenues and expenditures and are available on the WVSP website. For example, the item listed as "other expenses" in the executive budget is broken down into multiple specific line items including expenditures on utilities, vehicle maintenance, postage and freight, organizational clothing, equipment repairs and maintenance, to name just a few.

One interesting aspect about WVSP financial statements is that for each line item or group of similar line items, reference was made to the state-coded fund from which the expenditure was financed. For readers who have little or no knowledge about coded funds, a subsequent page details expenditures by fund type and activity that displays a distinct connection between funding sources or sources of revenue and the actual expenditures. The transparency that this system offers is exceptional in that clear accountability is kept, and even advertised, to the general public. Even more helpful is the fact that the agency offers downloads of annual reports for the previous five fiscal years, increasing access to historical financial data.

*Audits, Reviews, and Reconciliations:* The West Virginia State Police unfortunately make no reference to any auditing or review processes outside of the agency. They note that their accounting section engages in expenditure monitoring and performs routine auditing functions. However, the lack of external audits and reconciliations, in addition to violating state statute, paints a less than promising picture of the state's budgeting processes and policies regarding fiscal responsibility.

*Online Resources:* The West Virginia State Police scored higher than all other agencies within the Department in the Online Resources section of the scorecard. The agency's site offers outstanding accessibility to virtually limitless resources, and the WVSP clearly makes efforts to use contemporary technology to serve citizens. The general problem encountered with searching for budget and financial information within the websites of most other state

agencies is that only basic or otherwise incomplete data can be found. The WVSP’s website filled the gaps left by the executive budget -which happened to be the only other budget document available online that provided information on the agency, by including detailed annual reports within their site. This provides the public with a complete view of the WVSP’s revenue and spending patterns. However, the site does not offer the public a view of its budget request as submitted to the governor’s office, copies of documents provided at legislative hearings, or reconciliations between its request, the governor’s proposal and the final budget determinations as contained in the appropriations legislation.

*Recommendations:* Citizens armed with information obtained through well-devised, user-friendly sites like that of the West Virginia State Police are more able to become fully engaged in the budget process by participating in budget hearings and other public meetings.

*Summary Findings and Recommendations:* In evaluating the eleven agencies within the West Virginia Department of Military Affairs and Public Safety, it was noted that deficiencies were not isolated to one agency, but manifested themselves across the entire department. The reason for this is clear. Although the agencies themselves have been found to have shortcomings that must be reconciled, for the most part they remain in compliance with state law and the constitution regarding budget and fiscal issues. The larger problem that exists is that both the constitution and applicable statutes as applied to the budget process in the State of West Virginia are inadequate for the needs of an increasingly complex society.

		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.	X			
	2	Relationships between sources of revenue and expenses are detailed in budget documents.	X			Agency financial statement breaks down General Revenue Fund, detailing precise sources of revenue.
	3	Program funding received from multiple sources is disclosed in detail.	X			
	4	Funding shared among agencies is disclosed in detail.			X	
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.	X			As per WV State Legislative Rules.
	6	Comprehensive financial documents for each agency are readily available.	X			Available and advertised on agency website.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		X		
	8	Historical and projected revenues are included in the budget document.		X		
	9	Historical and projected expenditures are included in the budget document.	X			Historical expenditure data is available extending back four years.
	10	There is a standardized format for agency budget presentation in the governor's budget.	X			
	11	There is a standardized format for agency budget presentation on the web.	X			While financial information appeared consistent year-to-year in historical data, the format was visually different

					than that used in the executive budget documents.
	12	Sources of <i>non-appropriated special</i> funds are provided.	X		
	13	Sources of <i>appropriated</i> funds are available.	X		
	14	Sources of <i>special</i> funds are available.	X		
	15	Sources of <i>non-appropriated</i> funds are provided.	X		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	X		The West Virginia State Police Annual Report quantifies goals and objectives with application of financial data throughout.
	17	Budget line item numbers are consistent across all agencies.		X	
	18	Line items contained in all available agency budgets are explained or referenced.	X		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.	X		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	X		
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		X	
III. Audits, Reviews, and Reconciliation	1	A disinterested third party produces all fiscal notes.		X	
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X	
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X	
	4	Economic projections are produced each year by the executive branch and legislative branch.	X		
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X	Governor signs appropriations bills into law after the end of the legislative session, therefore the opportunity does not exist for economic projections to be reconciled prior to enactment.
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		X	By law, these are required annually, however, no reports or other evidence exists which indicates audits occur for every agency annually.
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X	Provisions exist that require audits; however audits are not completed on an annual basis for each agency.
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		X	
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.			Unknown
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		X	
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		X	
IV. Online Resources	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.	X		WVSP's website is antiquated and unmemorable, however, it provides detailed financial information thus promoting transparency.

2	Legislative appropriations committee members' contact information is available online.	X			
3	Legislative appropriations committee meeting times and agendas are available online.	X			
4	Live or recent tracking of expenses paid is available to the general public online.		X		
5	Current agency budgets are published online.	X			
6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.	X			
7	Agency expenditures are broken down by amount, activity and recipient.	X			
8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		X		
9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
10	The governor's office has written procedures for online disclosure of budget information to the public.		X		
11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		X		
12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		X		IT personnel are shared among legislative offices and are not dedicated to any one function such as web posting and maintenance.

### ***Department of Revenue***

The West Virginia Department of Tax and Revenue was created by the 1989 Legislature and was originally composed of seven departments and agencies under the leadership of the Secretary of Tax and Revenue, including the Alcohol Beverage Control Commissioner, Division of Banking, Board of Banking and Financial Institutions, Lending and Credit Rate Board, Insurance Commissioner, State Lottery, Racing Commission, and the State Tax Department. On June 11, 2004, legislation took effect that reorganized the department and changed its name to the Department of Revenue. This legislation clarified the powers and duties of the Secretary, who is now also the director of the State Budget Office and an ex-officio member of the Council for Finance and Administration and moved the State budget office from the Department of Administration to the Department of Revenue. Additionally, the legislation made the State Athletic Commission and the Municipal Bond Commission part of the Department of Revenue (WV Department of Revenue, 2009).

The West Virginia Department of Revenue's mission is to administer and enforce West Virginia's revenue laws, efficiently collect the proper amount of revenues due the state, fairly and economically administer laws pertaining to the sale and consumption of alcoholic beverages, and oversee the fairness and financial stability of state financial businesses and the insurance industry in a way that will benefit all West Virginians. The Department of Revenue

also strives to constantly safeguard the integrity of regulated gaming activities and the integrity of amateur, professional and semiprofessional boxing events, to serve as fiscal agent for general obligation bonds issued by local government entities, serve as staff in preparing the governor's annual state budget in accordance with the state constitution, and implement and execute the budget after enactment by the Legislature. Informing and otherwise serving the citizenry in a manner that maximizes voluntary compliance, provides meaningful assistance, and builds confidence in the department's frugality, integrity, effectiveness, and fairness is another central component of its mission (WV Department of Revenue, 2009).

The WV Department of Revenue is composed of ten agencies, including the Division of Banking, the Insurance Commissioner, Municipal Bond Commission, Office of Tax Appeals, Racing Commission, State Athletic Commission, State Budget Office, Tax Division, the West Virginia Alcohol Beverage Control Administration and the West Virginia Lottery. The next section provides a brief overview of each agency as well as an assessment of the amount of transparency found their budgets.

The State Budget Office acts as the staff agency for the governor in the exercise of his powers and duties under the state constitution, which are to provide budgetary information and control to all branches of state government, to assist in making accurate budget decisions, and assure compliance with the department and government policies. The department prepares the annual executive budget for the governor, writes appropriation bills for presentation to the Legislature, maintains control of the cash flow of the state's general revenue fund and special revenue funds through the establishment of quarterly/monthly allotments and maintains the Personnel Information Management System which tracks salaried positions in state government (Executive Budget, 2010, 426).

*Revenue and expenditures:* As with the other departments, revenues are broken out into general categories and expenditures are delineated into personnel costs and "other," but detail is conspicuously absent. The department budget is found only within the executive budget Operating Detail report, which is located on the State Budget Office home page. There is no listing for the department or its component agencies' budgets, financial statements, listing of receipts and disbursements or other financial data on the department's website; however, the department's site does provide links to sites for other state offices, including the state web portal which contains the state's annual reports. Of note: the state's CAFRs do not make mention of the component agencies within the Department of Revenue in their fiscal reporting. Some information is available from most individual agencies. The current annual report is available at the Racing Commission website; current and historical annual reports can be obtained from the Division of Banking, Lottery Commission, Municipal Bond Commission and Office of Tax Appeals; and annual reports and financial statements are provided by the Insurance Commission.

*Audits, reviews and reconciliations:* There is no evidence on the department or agency websites of internal audit reports or reviews. Either they are not conducted, or the information is simply not made available to the public. The Legislative Auditor's PERD site lists three audits of the Lottery Commission between 1997 and 2007, with the one in 2000 described as a "further inquiry review." The PERD site lists one audit of the Department of Revenue, dated 2006, and contains the notation, "the state is losing millions in tax revenue because the Tax Department does not use the full extent of its enforcement authority...". There is no evidence of a follow-up review to determine what, if any, actions have been taken to resolve the finding. The Racing Commission was apparently audited by the Legislative Auditor's office in 1998. Three subsequent reviews, in 1999, 2001 and 2004 were conducted to follow up on non-compliance issues. It is unclear if all of the 1998 violations were resolved, and it appears that, other than following up on the specified issues, a comprehensive audit has not been conducted since the original inspection more than a decade ago.

*Online resources:* The department and its component agencies' websites contain links to state constitutional offices, legislative offices, state resources and comprehensive state fiscal information, but no proprietary information is provided other than annual reports and, in one case, financial statements. There is no way for the public to obtain detailed information about revenues and expenditures as they relate to the department, individual agencies, specific programs or to determine how fiscal resources are used in relation to stated goals. Reports of internal and external audits are few and far between, and those available are dated and often issue-specific rather than comprehensive audits.

Overall, the public can access quite a bit of information online about programs offered by the department and its divisions and commissions as well as links to state offices and other informative sources. But citizens interested in obtaining specific, detailed financial information about the department or its component agencies will not find it anywhere within the department sites or on any other state government site for that matter.

*Recommendations:* Several recommendations resulting from this evaluation of the Department of Revenue and its component agencies may help it to improve transparency and accountability within its portion of the state's budget process. First, in addition to their annual reports, each of the agency's websites should include current and previous detailed annual budgets. Each website should also prominently display a link to the legislative appropriation committee responsible for the agency as well as the committee's schedule, agendas and contact information. In addition, the department's website should make available the completed budget request form as submitted to the budget office, in PDF format, to enable the public to see how much money the agency is requesting and how it plans to spend it. Finally, the department should employ an information technology specialist to maintain the department and agency websites. This would allow for continuity across sites, and ensure that links and other avenues of information are always accessible.

Category		Measure	Yes	No	NA	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.	X			The individual agencies are not mentioned in the CAFR
	2	Relationships between sources of revenue and expenses are detailed in budget documents.	X			
	3	Program funding received from multiple sources is disclosed in detail.		X		
	4	Funding shared among agencies is disclosed in detail.		X		
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		X		
	6	Comprehensive financial documents for each agency are readily available.	X			Annual reports were available for some agencies.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		X		
	8	Historical and projected revenues are included in the budget document.		X		
	9	Historical and projected expenditures are included in the budget document.	X			Only the previous year's expenditures are listed.
	10	There is a standardized format for agency budget presentation in the governor's budget.	X			
	11	There is a standardized format for agency budget presentation on the web.	X			No budget, only annual report.
	12	Sources of <i>non-appropriated special</i> funds are provided.		X		
	13	Sources of <i>appropriated</i> funds are available.		X		
	14	Sources of <i>special</i> funds are available.		X		
	15	Sources of <i>non-appropriated</i> funds are provided.		X		
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.		X		
	17	Budget line item numbers are consistent across all agencies.	X			
	18	Line items contained in all available agency budgets are explained or referenced.		X		
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		X		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.	X			
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		X		
II. Audits, Reviews and Reconciliations	1	A disinterested third party produces all fiscal notes.		X		The department produces a fiscal note newsletter that has nothing to do with fiscal notes.
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X		
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X		
	4	Economic projections are produced each year by the executive branch and legislative branch.		X		
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X		

	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		X		
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X		
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		X		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.			X	
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		X		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.			X	
IV. Online Resources	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.	X			A link to the state web portal is listed on the department's website.
	2	Legislative appropriations committee members' contact information is available online.	X			
	3	Legislative appropriations committee meeting times and agendas are available online.	X			
	4	Live or recent tracking of expenses paid is available to the general public online.	X			
	5	Current agency budgets are published online.	X			Only as part of the executive budget.
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		
	7	Agency expenditures are broken down by amount, activity and recipient.		X		
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed.		X		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		X		
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		X		The staff organizational chart did not designate a webmaster.
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		X		The staff organizational chart did not designate an IT specialist.

## ***Department of Transportation***

The Department of Transportation encompasses the West Virginia Parkways, Economic Development and Tourism Authority, Aeronautics Commission, Division of Highways, Division of Motor Vehicles, Public Port Authority, Division of Public Transit, and State Rail Authority. According to the department's mission statement (2008), its objective is to " ...create and maintain...a multi-modal and inter-modal transportation system that supports the safe, effective and efficient movement of people, information and goods that enhances the opportunity for people and communities to enjoy environmentally sensitive and economically sound development."

*Revenues and Expenditures:* To the department's credit, a link to financial information is prominently displayed on its home page. Annual financial reports and statements for 2002-2009 are easily accessible for the all of the department's component entities except the Division of Public Transit and the Aeronautics Commission, and monthly financial statements for the last several years are provided for the Division of Highways. Comprehensive financial statements for the department, however, are not available.

The site also provides a link for budget information, but it simply directs the user to an individual and office in Charleston; no information or email link is provided. Budget information is only available from the executive budget report, which is not noted on the site. As with the other departments, the fiscal information provided in the executive budget provides lump-sum breakdowns of revenues and expenditures. Detail for expenditures is limited to employee costs and the ubiquitous "other."

Because a preponderance of the department's activity entails federal funds in addition to state funding, two issues of increased funding transparency warrant mentioning. First, the Statewide Transportation Improvement Program (STIP), is a federally required program that requires state reporting of all projects eligible for federal aid and those that are not being funded with federal funds. The STIP is an important step in monitoring state projects that are eligible for federal aid and helps reduce waste from over-funded projects in West Virginia. The program documents provide projections of anticipated projects for the upcoming five fiscal years, and include detailed lists of individual projects that will be paid for by state funds. These projections also included a list of underfunded projects and an interactive geographic locating tool. STIP reports come with a disclaimer noting that the DOT is not responsible for the accuracy of the data provided.

The Coal Resource Transportation Fund (CRTF) is a special account created in 2003 for depositing moneys collected on the Coal Resource Transportation Road System (CRTS). This money is to be used by the Commissioner of Highways, with matching funds provided by coal companies and other parties, for the repairs and improvements to CRTS roads and bridges. An

easy-to-use, downloadable application for CRTF funding was available for regional projects; however, no detailed information about revenues received or the ways in which they were allocated is available.

*Audits, reviews and reconciliations:* It appears, from an examination of the department's website and that of the Legislative Auditor's Performance Evaluation and Research Division that a comprehensive audit of the department has yet to be conducted. Internal and external audits, dated 2008, were available for the Division of Highways. They are limited in scope, surprisingly brief, and offer very little relevant budgetary information. The performance information included in the executive budget includes no indication of how department funds are allocated or the amount of funds used to meet the performance measure.

*Online resources:* The department was in the process of finalizing new websites for each agency while this evaluation was conducted. Therefore, it is important to note that the scorecard evaluation may not reflect the information available in the near future. As noted, financial statements for the Public Transit and Aeronautics Divisions were unavailable, but it is possible that they may be in the process of being posted. Also, as noted, budget data, documents distributed at legislative hearings and other supporting documentation, such as receipts and disbursements ledgers are not available. To its credit, the department also provides an easily identifiable link to contact information for financial and administrative personnel.

According to the Colorado Fiscal Policy Institute, "Elected officials have no more important responsibility than to develop and adopt the annual budget. The budget serves as a state government's financial roadmap, its statement of policy priorities, and as the legal authorization to carry out the public's business" (Institute, 2008). When applied to the Department of Transportation, its application of the "roadmap" concept could include responsibility for making each department's budget easily accessible on its website and those of its agencies.

*Recommendations:* The Highway Commissioner, Public Port Authority, and Rail Authority each derive their bond-issuing authority each year as "per annual revenues" (Transportation, 2008). This yearly allocation should be broken down in the online financial reports. Specific information was unavailable. Further, State Road Fund and Stimulus (AARA) funding should be cross-referenced with projections in the executive budget. A link to the required quarterly reports that illustrate how funds will be used, whether they were used correctly, the number and types of jobs created or sustained, and the amount of non-federal funds being used to complete projects, would provide the public access to that information. Finally, continued improvements to the department's website should include links to legislative committee meetings and hearings schedules and transcripts, detailed documentation noted

above, and applicable pending and recently enacted bills and related fiscal notes. These changes would significantly improve the public’s ability to access fiscal information.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		X		
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		X		
	3	Program funding received from multiple sources is disclosed in detail.		X		Stimulus funding not updated and categories labeled “other” are not detailed.
	4	Funding shared among agencies is disclosed in detail.		X		
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		X		
	6	Comprehensive financial documents for each agency are readily available.		X		Port Authority last available financial reports are from 2002. Links to Public Transit and Aeronautics agency CAFRs are not listed at all.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.		X		
	8	Historical and projected revenues are included in the budget document.			X	
	9	Historical and projected expenditures are included in the budget document.			x	
	10	There is a standardized format for agency budget presentation in the governor’s budget.		X		
	11	There is a standardized format for agency budget presentation on the web.		X		
	12	Sources of <i>non-appropriated special</i> funds are provided.		X		
	13	Sources of <i>appropriated</i> funds are available.	X			
	14	Sources of <i>special</i> funds are available.		X		
	15	Sources of <i>non-appropriated</i> funds are provided.	X			
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.		X		
	17	Budget line item numbers are consistent across all agencies.		X		
	18	Line items contained in all available agency budgets are explained or referenced.		X		Port Authority is missing.
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.		X		
	20	The current agencies, boards and commissions are effectively categorized in budget documents.			X	
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		X		
III. Audits, Reviews and Reconciliations	1	A disinterested third party produces all fiscal notes.		X		
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X		
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X		

	4	Economic projections are produced each year by the executive branch and legislative branch.	X			But not available online.
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X		
	6	Performance review audits of budgetary activities for all executive branch agencies/commission/departments are performed annually by the executive branch.		X		
	7	Performance review audits of budgetary activities for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X		
	8	The Legislative Auditor's Office reviews significant (25 %) increases or decreases in agency prior-year expenditures or revenues.		X		
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		X		
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		X		
	11	The governor's office has written procedures in place to ensure that corrective issues identified by legislative audits are corrected prior to the subsequent audit.		X		
IV. Online Resources	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		X		
	2	Legislative appropriations committee members' contact information is available online.	X			
	3	Legislative appropriations committee meeting times and agendas are available online.		X		
	4	Live or recent tracking of expenses paid is available to the general public online.		X		
	5	Current agency budgets are published online.		X		
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		
	7	Agency expenditures are broken down by amount, activity and recipient.		X		Some recipients are not named and are simply called "other."
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed.		X		
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		
	10	The governor's office has written procedures for online disclosure of budget information to the public.		X		
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		X		
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.			X	

## ***Miscellaneous Boards and Commissions***

The Miscellaneous Boards and Commissions section of the executive budget appears to be a catch-all for entities that are not under the purview of any particular department. Included are the Board of Examiners for Licensed Practical Nurses, Board of Examiners for Licensed Professional Nurses, Board of Licensed Dietitians, Board of Respiratory Care, Board of Treasury Investments, Coal Heritage Highway Authority, Hospital Finance Authority, Massage Therapy Licensure Board, National Coal Heritage Area Authority, Public Service Commission, which includes the Consumer Advocate, Gas Pipeline Safety, Motor Carrier and Utilities components, Real Estate Commission, Water Development Authority, West Virginia Board of Examiners for Speech-Language Pathology and Audiology, West Virginia Board of Pharmacy, West Virginia Economic Development Authority, and the West Virginia Statewide Addressing and Mapping Board. As a budget category, it contains many boards and commissions that would be expected to be found in more relevant sections of the budget report; for example, one would expect to find information about the nursing and pharmacy oversight boards in the Health and Human Services Department. Combining these disparate boards and commissions into a catch-all category at the end of the report makes it difficult for the public to know these entities even exist, and defies navigation to those trying to access information about them.

When searching for revenue and expenditure pertaining to these Miscellaneous Boards and Commissions, interested parties need to know what they are looking for, already understand the structure of these commissions, and be willing to dig through reports that are often buried in data meant for only the agency's use. For example, when searching for revenue and expenditures of the WV Real Estate Commission, one can only find an eight-year-old budget report delivered to the Legislature due to a sunset law requiring such reporting. Another example is the WV Board of Licensed Dietitians. The only way to access its budget information is through the minutes of its semi-annual meetings. The WV Board of Treasury Investments, however, makes its financial statements available online at the end of every fiscal year. Such disparate reporting demonstrates a lack of congruent and accessible fiscal data.

*Revenues and expenditures:* The Miscellaneous Boards and Commissions is a troubled budget category for several reasons. As it is contained in the governor's budget Report, annual expenditures are identified for only a few boards and commissions listed. In addition, a number of other such boards and commissions are identified in the governor's budget under the Department of Administration and most of these lack expenditure detail as well. And, according to the West Virginia Blue Book, there are many additional boards and commissions that are not identified in the state budget proposal. These include the Board of Dental Examiners, West Virginia Disaster Recovery Board, State Election Commission, Board of Funeral Examiners, and Board of Directors for West Virginia Housing Development Fund, to name a few. These entities are not listed under the Department of Administration or under Miscellaneous Boards and

Commission, making it impossible for the public to know of their existence or the revenues and expenditures resulting from their operation.

The readers' guide to the Operating Detail Report of the 2010 Governor's Budget proposal states that the budgets for the entities included in the Miscellaneous Boards and Commissions section are appropriated by the Legislature (pg vi). Yet it appears that the invisible boards and commissions are not funded through specific, identified legislative appropriations. This does not mean they are exempt from the budgeting processes; as with all other boards and commissions, their budgets should be available to the constituency. In addition, some of the components of the Miscellaneous Boards and Commissions category have bond-issuing authority. According to the governor's executive budget report, there are 26 different bonding authorities in West Virginia (2009, p. 113). Of those, four are included in the Miscellaneous Boards and Commissions budget category; the remaining authorities are apparently some of those unlisted entities. Each one of these bonding authorities has an operating budget at the very least, yet they cannot be found in the governor's budget proposal.

The underlying difficulty with the governor's budget is that, with some boards and commissions listed in the Miscellaneous Boards and Commissions section and others included in the Department of Administration, and yet others left undisclosed, the inability to know where things are and how they are accounted for throughout the budget is challenging at best. The budget proposal included only those Boards and Commissions that received legislatively appropriated revenues and negates those that are funded through other forms of revenues, such as user fees, bond proceeds, and state furloughs. As a result, there is a lack of transparency when searching for fiscal data for different state boards and commissions as the proposed budget does not indicate revenue sources for each entity.

Most glaring is the identification within the budget documents of five sources of revenue for state furloughs – lottery funds, special revenue funds, general revenue funds, federal funds, and state road funds. Yet the expenditure worksheets in the Operating Detail report only report on three categories of revenue – general fund, federal funds, and appropriated and non-appropriated special funds. For those entities whose revenues are not based on appropriated funds, there is an obvious disconnect between types of revenues received and those that should/could be disclosed. Consequently, it is difficult to determine the sources of revenues for many of the miscellaneous boards and commissions listed, as well as those that should be included in this category and are not. If a state agency is not dependent on funds appropriated by the Legislature, then steps should be taken, and/or put into place to ensure disclosure of fiscal data detailing these budget revenues and expenditures online.

*Audits, Reviews, and Reconciliation:* The need to audit, review, and reconcile expenditures by separate parties allows government and the public to compare results and look for discrepancies. West Virginia lacks a strong legislative auditor's office; while statutes mandate

biennial audits, some departments and their component agencies are rarely examined, and audits are often an examination of a specific feature or program within an agency or department.

Occasionally, the 'other' expenditure line item contained in the governor's collection of departments and agency budgets represents a 25% or more increase from the previous year. Such is the case with Board of Treasury Investments, yet there is no indication of an internal or external audit to determine the cause of this increase; nor is there any explanation of the differential. Further, the West Virginia Economic Development Authority (WVEDA) funds its largest loans by borrowing money from the Board of Treasury Investments. Yet a search of the Legislative Auditor's Performance Evaluation and Research Division indicates that the Treasury Board has never been examined; there is only one report for the WVEDA, dated 2008, and that is for a review of its loan insurance program. There is no way to know how these boards are spending public funds and little oversight of their activities.

The PERD site lists current and upcoming audits of boards and commissions, noting planned reviews of the Boards of Hearing Aid Dealers, Licensed Dietitians and Nursing Home Administrators for 2009 and upcoming audits of the Boards of Dental Examiners, Medicine and Pharmacy in 2010. Based on this schedule, considerable time passes between commission and board reviews, making it difficult to follow-up on violations or evaluate excess spending issues.

Another key element to responsible auditing is the pursuit of performance and program-based budgeting. The performance measures displayed in the operating detail of the governor's budget are often arbitrary and not accompanied by discussions of revenues and expenditures used to meet the measure illustrated. There is no way to determine the cost of the measure, or whether using the funds needed to meet the measure will impact other responsibilities or activities required by the board or commission.

Finally, the financial information in the actual budget for 2008 does not match the line-item for Miscellaneous Boards and Commissions in the 2008 CAFR. Requirements for internal and external independent annual reconciliations could provide the information necessary to prevent this discrepancy and ensure the accuracy of fiscal information.

*Online Resources:* It has already been stated that increased transparency equates to greater accountability. Having full-time government employees dedicated to an online web portal will enable disclosure, lead to less mistakes and better projections, and save money. The trend for financial disclosure of public expenditures is growing. Live or updated tracking of expenses should be available online. Also, online publication of committee hearing schedules, and meetings of boards and commissions could be compiled on a state website. Revenue sources should also be displayed, and individual agency budgets should be updated daily as spending occurs. Agency expenditures should be broken down by amount, activity, and receipt.

Links to the legislative directory could be provided, allowing quick access to representatives. This further enhances public participation. Again, the effort to increase online disclosure and reporting must be led by executive order or legislative mandate. Regardless of how it is achieved, providing online resources to state fiscal data is paramount to creating a more participatory and accountable democracy.

*Recommendations:* As noted, it is difficult to know what is, what is not and what should be included in the Miscellaneous Boards and Commissions category of the governor's budget. There are several million dollar discrepancies between the two categories. The discrepancy between CAFR and budget figures is likely due to inconsistent categorization. West Virginia could use the same criteria when categorizing Boards and Commissions for the CAFR as used when categorizing the budget proposal. This would lend more congruency and provide better agency accounting.

The relationships between sources of revenue and expenditures are explained in separate volumes of the proposed budget. This promotes confusion and lacks explanation as to where agency money is coming from. It is difficult to verify where exact percentages of agency revenue are sourced. Special funds could be fees, permits, and licenses. Appropriated funds could be sales tax, income tax, B&O tax, etc. If an agency is funded by one of these sources it – and the public it services - would be concerned if a decrease in one or more of these revenue streams were affected, say, by the larger economy or natural disaster. The governor's budget Report projects decreased sales tax, business tax, and B&O taxes over the next several years. Also reported in the same volume, the state has over \$25 million in lottery revenue bonds outstanding. Responsible budgeting requires adequate attention to issues of revenue as much as it tends to issues of expenditures.

Comprehensive financial reporting for all boards and commissions is not readily available, and receipts, purchase orders, and disbursements can be challenging to obtain. Often this type of data is unpublished and requires FOIA requests to obtain. This information should be made available to the public on the state's website. This will enhance budget accountability and even provide an opportunity to solicit public input in budget development. Historical data could be archived in a searchable format. Advocating full disclosure for web publication of any agency with a 25% increase in expenditures from the prior year will truly hold state government more accountable. A primary goal of the governor should be to advocate for a more transparent and accountable reporting process for revenues and expenditures. This would provide nominal reductions in administrative flexibility while contributing greater political legitimacy to the governor's office.

Internal performance audits of budgetary activities are performed by the executive branch. The Legislative Auditor's PERD conducts intermittent independent reviews of departments and agencies but lacks the directives and/or resources to ensure systematic audits,

follow-ups on citations and findings, and enforcement of violation corrections. Even though performance measures are offered in the governor’s budget, the bases for these measures need to be fully developed to provide a more robust assessment, then a performance improvement plan could be required for deficient agencies. Performance evaluation is an important part of determining the amount of services provided for the money spent.

*Conclusions:* The scorecard metric was used to evaluate the fiscal administration and budget process for the Miscellaneous Boards and Commissions. The assessment resulted in notations of deficiencies and recommendations for improving accessibility to the budgeting process and increasing decision-making transparency and accountability. Of note is the need to better develop the Miscellaneous Boards and Commissions into a more cohesive and standardized budget category, and to make detailed fiscal reporting of revenues and expenditures easily accessible through the various board and commission websites. The nominal trade-off between administrative flexibility and political accountability is small compared to the benefits of increased transparency of the budgeting process. The budget documentation provided in the governor’s annual proposal is very thorough and provides a great deal of useful information; however, there is considerable room for improvement. The suggestions made here could have implications not only for the Miscellaneous Boards and Commissions as a budget category, but also for the other departments within the executive branch.

Category		Measure	Yes	No	N/A	Comments
I. Revenues and Expenditures	1	Financial information reported in the executive and agency budgets accurately reflect figures reported in the state CAFR.		X		Budget categories do not match.
	2	Relationships between sources of revenue and expenses are detailed in budget documents.		X		Disconnect in 2 different budget volumes.
	3	Program funding received from multiple sources is disclosed in detail.		X		No detail.
	4	Funding shared among agencies is disclosed in detail.			X	Boards' and Commissions' budgets are mutually exclusive.
	5	Public input on agency budget proposals is solicited prior to presentation to the governor.		X		Mainly interest groups.
	6	Comprehensive financial documents for each agency are readily available.		X		Not available.
	7	Supporting documentation for the comprehensive reports, such as receipts and disbursements, are readily available.	X			Unpublished and usually require FOIA request.
	8	Historical and projected revenues are included in the budget document.	X			Vol. I Budget Report, Six-Year Projected, One Year History.
	9	Historical and projected expenditures are included in the budget document.	X			Vol. II, One year historical and one year projected. Needs improvement.
	10	There is a standardized format for agency budget presentation in the governor's budget.	X			Congruent once complied in governor's proposal.
	11	There is a standardized format for agency budget presentation on the web.		X		No pan-agency web portal exists.
	12	Sources of <i>non-appropriated special funds</i> are provided.		X		We don't know if its fees, permits, licenses etc.

	13	Sources of <i>appropriated</i> funds are available.		X		Could be sales tax, income tax, B&O tax, etc.
	14	Sources of <i>special</i> funds are available.	X			Categories in Vol. I of governor's proposal.
	15	Sources of <i>non-appropriated</i> funds are provided.			X	Same as Section I. # 12
	16	Narrative descriptions of goals and objectives regarding costs of program implementation are provided.	X			Goals and objectives are spelled out in governor's proposal.
	17	Budget line item numbers are consistent across all agencies.			X	no
	18	Line items contained in all available agency budgets are explained or referenced.		X		e.g. FTE could be salary or wage; also, "other" line item is grossly neglected.
	19	Performance budgeting is used consistently by each agency and is detailed in budget documents.	X			Reporting is done and performance measures are program-specific.
	20	The current agencies, boards and commissions are effectively categorized in budget documents.		X		Very poor categorization and definition of the boards and commissions category.
	21	Agencies are required to disclose explanations for significant (25%) increases or decreases in expenditures or revenues from prior year.		X		Board of Treasury had a near 33% increase in budget over one year - limited disclosure.
III. Audits, Reviews and Reconciliations	1	A disinterested third party produces all fiscal notes.		X		Cost.
	2	A disinterested third party reviews all fiscal notes prior to bill passage.		X		Cost.
	3	A disinterested third party annually reconciles fiscal notes attached to enacted legislation with the actual fiscal impact.		X		Third party does not necessarily need to do this.
	4	Economic projections are produced each year by the executive branch and legislative branch.	X			Produced in the governor's proposed budget. Legislature needs its own budget office to accomplish this.
	5	Annual economic projections made by the governor's office and the Legislature are reconciled by legislative fiscal committees prior to enactment of appropriations bills.		X		There are no legislative projections to compare.
	6	Performance review audits of budgetary activates for all executive branch agencies/commission/departments are performed annually by the executive branch.	X			Yes, but needs to be standardized, and the method for establishing a performance measurement basis is necessary.
	7	Performance review audits of budgetary activates for all agencies/commission/departments in all three governmental branches are performed annually by the Legislative Auditor's Office.		X		Needs guiding legislation.
	8	The Legislative Auditor's Office reviews significant (25%) increases or decreases in agency prior-year expenditures or revenues.		X		Needs guiding legislation. Often "other" line items make significant increases.
	9	The Legislative Auditor's Office follows up on negative performance findings for each agency to ensure correction.		X		After a performance basis is established, a performance improvement plan could be required.
	10	The result of performance reviews, follow-up inspections and corrective actions are available to the public as they occur.		X		After a performance basis is established, a performance improvement plan could be required to maintain funding.
	11	The governor's office has written procedures in place to ensure that corrective issues identified by Legislative audits are corrected prior to the subsequent audit.		X		A performance improvement plan could be developed to correct deficiencies in services provided.

IV. Online Resources	1	A comprehensive and user-friendly web portal exists that provides citizens with the ability to access detailed information.		X		This is trendy across the nation.
	2	Legislative appropriations committee members' contact information is available online.	X			Legislative directory.
	3	Legislative appropriations committee meeting times and agendas are available online.		X		Lacking publication of committee hearing schedules while state government operation is limited by its committee meeting facilities.
	4	Live or recent tracking of expenses paid is available to the general public online.		X		Missouri updates website at midnight.
	5	Current agency budgets are published online.		X		Transparency equals accountability.
	6	Current agency budgets, with comparative 5-year histories of actual expenditures are published online.		X		Included in governor's proposed budget only.
	7	Agency expenditures are broken down by amount, activity and recipient.		X		Type of expense outlay is needed.
	8	The printed exhibitions that are prepared and utilized in budget meetings are made readily available online to the public at the time they are being discussed		X		Requires staff, but scanning and uploading can be cheaper than publication.
	9	Performance reviews, follow-up investigations and corrective actions are available online as they occur.		X		An executive order or legislative statute should be developed to require web portal.
	10	The governor's office has written procedures for online disclosure of budget information to the public.		X		An executive order should be developed to require web portal.
	11	The governor's budget office has at least one full-time employee dedicated to web posting and maintenance.		X		Disclosure and reporting can lead to fewer mistakes, better projections, and saved money.
	12	The Legislative Auditor's Office has at least one full-time IT employee dedicated to web posting and maintenance.		X		Disclosure and reporting can lead to fewer mistakes, better projections, and saved money.