

BLUEFIELD STATE COLLEGE
BLUEFIELD, WEST VIRGINIA

REPORT OF AUDIT
SPECIAL SERVICES PROGRAM

U.S. DEPARTMENT OF EDUCATION
ENTITY NUMBER: 1-55-6000-751-A1

FOR THE PERIOD
JULY 1, 1984 - JUNE 30, 1987

LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the Special Services Program at Bluefield State College.

Our examination covers the period July 1, 1984 through June 30, 1987. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

Theodore L. Shanklin

Theodore L. Shanklin, CPA, Director
Legislative Postaudit Division

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Bluefield State College
Bluefield, West Virginia

Report of Audit
Special Services Program

U.S. Department of Education
Entity Number: 1-55-6000-751-A1

For the Period July 1, 1984 - June 30, 1987

Part I - Introduction

Background

The Special Services Program is authorized under Title IV, Section 408, of the Higher Education Act of 1965, as amended. The program was started at Bluefield State College on July 1, 1971. During the period of this audit, July 1, 1984 through June 30, 1987, Federal funds expended under the Special Services Program totaled \$294,531.00. The program is administered by the Director of Special Services. Financial accountability is provided by the Director of Finance and Administration.

Scope of Audit

Our audit of the Special Services Program was performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1981 Revisions). The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if the program was administered in accordance with applicable laws, regulations, terms of agreements and U.S. Department of Education directives.

The audit included:

1. Expressing an opinion on the balance sheet, related statement of changes in fund balance and supplementary schedules.
2. Evaluation of the institution's policies, procedures and practices used to administer the program.
3. Determination of compliance with applicable sections of the Act, related Federal regulations and U.S. Department of Education policies and procedures.
4. Evaluation of the institution's system of internal control, accounting and reporting, and the controls maintained in the operation of an accounting for the funds provided for the program.
5. Reconciliation of the information reported on the appropriate financial statements for the period audited.

Part II - Highlights of Audit Results

During our audit, nothing came to our attention which caused us to believe that Bluefield State College had not generally administered the Special Services Program in accordance with U.S. Department of Education regulations and objectives.

Part III - Auditors' Report on Financial Statements

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the balance sheet of the Special Services Program at Bluefield State College as of June 30, 1987 and the related statement of changes in fund balance for the three-year period ended June 30, 1987. (See Exhibits A and B.) Our examination was made in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions (revised 1981). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Special Services Program at Bluefield State College at June 30, 1987 and the changes in fund balance for the three-year period ended June 30, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned financial statements as of and for the three-year period ended June 30, 1987, taken as a whole, and was not directed toward formulating an opinion on the balance sheets at June 30, 1985, or June 30, 1986, or the statement of changes in fund balance for the years then ended. The supplemental data included in Schedules 1, 2, and 3 have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects only when considered in conjunction with the financial statements of the Special Services Program taken as a whole.

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

August 18, 1988

Auditors: Michael E. Sizemore, CPA, Supervisor
Leonard H. Lewis

BLUEFIELD STATE COLLEGE
SPECIAL SERVICES PROGRAM
BALANCE SHEET
JUNE 30, 1987

Assets

Cash in State Treasury \$4,653.32

Liabilities and Fund Balance

Liabilities:

Accrued Program Outlays Payable \$3,653.57
Accrued Indirect Expenses Payable 999.75

Total Liabilities 4,653.32

Fund Balance -0-

Total Liabilities and Fund Balance \$4,653.32

Exhibit A

See Note to Financial Statement

BLUEFIELD STATE COLLEGE
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE THREE-YEAR PERIOD ENDED JUNE 30, 1987

Cash Receipts:	
Federal Funds	\$294,531.00
Deductions:	
Program Outlays	280,635.22
Indirect Expenses	<u>13,895.78</u>
	<u>294,531.00</u>
Net Increase for the Period	-0-
Beginning Fund Balance	<u>-0-</u>
Ending Fund Balance	<u><u>\$ -0-</u></u>

Exhibit B

See Note to Financial Statement

Note to Statement of Changes in Special Services Program
Fund Balance for the Three-Year Period Ended June 30, 1987

(1) Basis of Presentation

The accompanying statement of changes in Special Services Program fund balance has been prepared in accordance with generally accepted accounting principles. The purpose of the statement is to present, in summary form, the Special Services Program activities of Bluefield State College for the three-year period ended June 30, 1987, which have been financed by the U.S. Department of Education.

Because the statement of changes in fund balance presents only a selected portion of the activities of Bluefield State College, it is not intended to and does not present either the financial position, changes in fund balances or the current funds, revenues, expenditures, and other changes in fund balances of the institution.

Part IV - Auditors' Report on Internal Accounting Control

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the financial statements for the Special Services Program at Bluefield State College for the three-year period ended June 30, 1987, and have issued our report thereon dated August 18, 1988.

As part of our examination, we made a study and evaluation of the system of the internal accounting controls of Bluefield State College to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations Programs, Activities and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

1. Receipts
2. Disbursements
3. Accumulating and Reporting Expenditures

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Bluefield State College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Bluefield State College taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the U.S. Department of Education and should not be used for any other purpose.

Respectfully submitted,


Theodora L. Shanklin, CPA, Director
Legislative Postaudit Division

August 18, 1988

Auditors: Michael E. Sizemore, CPA, Supervisor
Leonard H. Lewis

Part V - Auditors' Report on Compliance

The Honorable Encll Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the accompanying financial statements for the Special Services Program at Bluefield State College for the three-year period ended June 30, 1987 and have issued our report thereon dated August 18, 1988. As a part of our examination, we made a study and evaluation of those internal administrative methods and procedures established by Bluefield State College to administer and account for the Special Services Program in accordance with instructions and guidelines provided by the U.S. Department of Education and the following compliance requirements:

- I. Eligibility of Project Participants
- II. Selection of Project Participants
- III. Record of Student Progress
- IV. Evaluation of Project Effectiveness

We understand that procedures and systems in conformity with the criteria contained in these instructions and guidelines are considered by Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act, as amended. Based on this understanding of our study and evaluation, we believe the institution's procedures and systems were adequate for Education's purposes.

In addition, our examination also included tests of controls to insure compliance with the provisions of certain major conditions identified in the Federal criteria and Special Grant Terms and Conditions. Based upon our examination we found that for the items tested the institution complied with these provisions.

Further, based on our examination and the procedures referred to above, nothing came to our attention to indicate that Bluefield State College had not complied with the material terms and conditions identified in the first paragraph above regarding Bluefield State College's Special Services Program.

This report is intended solely for the use of Bluefield State College, the cognizant audit agency and other Federal audit agencies and should not be used for any other purpose.

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

August 18, 1988

Auditors: Michael E. Sizemore, CPA, Supervisor
Leonard H. Lewis

SUPPLEMENTAL INFORMATION

BLUEFIELD STATE COLLEGE
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1987

Cash Receipts:	
Federal Funds	\$96,730.00
Deductions:	
Program Outlays	95,730.25
Indirect Expenses	<u>999.75</u>
	<u>96,730.00</u>
Net Increase For the Period	-0-
Beginning Fund Balance	<u>-0-</u>
Ending Fund Balance	<u><u>\$ -0-</u></u>

Schedule 1

BLUEFIELD STATE COLLEGE
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1986

Cash Receipts:		
Federal Funds		\$101,077.00
Deductions:		
Program Outlays		95,345.63
Indirect Expenses		5,731.37
		<u>101,077.00</u>
Net Increase For the Period		-0-
Beginning Fund Balance		<u>-0-</u>
Ending Fund Balance		<u><u>\$ -0-</u></u>

Schedule 2

BLUEFIELD STATE COLLEGE
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1985

Cash Receipts:	
Federal Funds	\$96,724.00
Deductions:	
Program Outlays	89,559.34
Indirect Expenses	<u>7,164.66</u>
	<u>96,724.00</u>
Net Increase For the Period	-0-
Beginning Fund Balance	<u>-0-</u>
Ending Fund Balance	<u><u>\$ -0-</u></u>

Schedule 3

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto, was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 18th day of October,
1988.

Encil Bailey

Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the U.S. Department of Education; Bluefield State College; West Virginia Board of Regents; Governor; Attorney General; and, State Auditor.