

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

REPORT OF AUDIT
NATIONAL DIRECT STUDENT LOAN PROGRAM
COLLEGE WORK-STUDY PROGRAM
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
PELL GRANT PROGRAM
GUARANTEED STUDENT LOAN PROGRAM

U.S. DEPARTMENT OF EDUCATION
ENTITY NUMBER: 1-55-6000-830-A1

FOR THE PERIOD
JULY 1, 1981 - JUNE 30, 1984

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 National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants, Pell Grant, and Guaranteed Student Loan Programs at West Virginia Institute of Technology.

Our examination covers the period July 1, 1981 through June 30, 1984. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Theford L. Shanklin".

Theford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/lcj,jaw

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

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WEST VIRGINIA INSTITUTE OF TECHNOLOGY
EXIT CONFERENCE

We held an exit conference with the President and his staff on December 4, 1985 and discussed our findings and recommendations with them. The responses of these officials are included in italics in the Summary of Findings, Recommendations and Responses and in the General Remarks section of this report.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

INTRODUCTION

Background

West Virginia Institute of Technology is an institution of higher education and was last approved on December 8, 1981 by the U.S. Department of Education for participation in the student financial aid programs. Our examination of the National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants, Pell Grant, and Guaranteed Student Loan Programs for the three-year period ended June 30, 1984, was directed toward the objectives set forth in the U.S. Department of Education's Audit Guides dated June 1980, June 1981, and March 1984.

National Direct Student Loan Program (NDSLPL)

On December 2, 1959, the College established the National Defense Student Loan Program under the National Defense Education Act of 1958, which was transferred in 1972 to Part E of Title IV of the Higher Education Act of 1965. Loans aggregating \$3,702,033.49 have been made to 4,263 students since the program since the program was established at the College. As of June 30, 1984, the principal outstanding on loans in default amounted to 6.88% of matured principal on all loans.

College Work-Study Program (CWSP)

On January 25, 1965, the College started the College Work-Study Program pursuant to Title IV, Part C, of the Higher Education Act of 1965, as amended. During the three-year period ended June 30, 1984, up to 468 students participated in the program each year and expenditures for wages for the period totaled \$646,569.97. The authorization award letters to the College were in the amounts of \$218,703.00 for the academic year 1983-1984, \$218,703.00 for the academic year

1982-1983, and \$198,976.00 for the academic year 1981-1982.

Supplemental Educational Opportunity Grants
Program (SEOGP)

The Supplemental Educational Opportunity Grants Program was established at the College on July 1, 1966 under Title IV, Part A, of the Higher Education Act of 1965, as amended. During the three-year period ended June 30, 1984, up to 270 students participated in the program each year and awards totaled \$336,204.73. The authorization award letters to the College were in the amounts of \$100,522.00 for the academic year 1983-1984, \$96,703.00 for the academic year 1982-1983, and \$101,564.00 for the academic year 1981-1982.

Pell Grant

The Pell Grant Program was started at the College on July 1, 1973 and was established as the Basic Educational Opportunity Grant Program, under the Higher Education Act of 1965 (P.L. 89-329), as amended. During the three-year period ended June 30, 1984, up to 774 students participated in the program each year and awards totaled \$1,926,623.10. The authorization award letters to the College were in the amounts of \$724,012.00 for the academic year 1983-1984, \$585,943.00 for the academic year 1982-1983, and \$616,187.00 for the academic year 1981-1982.

Guaranteed Student Loan Program (GSLP)

The Guaranteed Student Loan Program was established at the College on October 11, 1965, under Title IV, Part B of the Higher Education Act of 1965. During the year ended June 30, 1984, the first year requiring an audit, over 1,015 students applied for guaranteed student loans, while 648 students received the loans, totaling \$1,163,849.00.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
ADMINISTRATIVE OFFICERS AND STAFF

Dr. Leonard Nelson President
Dr. Kenneth Bailey Administrative Vice President
Elaine Chiles Director of Student Financial Aid
E. Eugene Dillon Registrar
Thomas Elgin Comptroller
Denise Hardy Business Manager
Donna Phillips Assistant Departmental Business Manager
Patricia Metheney Coordinator of the Trio Programs

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit covering the period July 1, 1979 - June 30, 1981, noted two findings. These findings and the corrective action taken by West Virginia Institute of Technology are noted below.

1. Some borrowers having loans at three percent and four percent have been permitted to apply the full amount of loan payments to the four percent loan.

The College is following Federal regulations in applying loan payments to students' accounts where there are three and four percent loans.

2. As of June 30, 1981, the subsidiary records of the National Direct Student Loans receivable were \$983.98 greater than the general ledger control accounts.

As of June 30, 1984 the difference had been reduced to \$683.98.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

INTERNAL CONTROL AND ACCOUNTING SYSTEM

All Federal Funds in Pell Account

1. The College is using the Pell Account as a clearing account for all Federal funds.

We recommend the College open a Federal fund clearing account to create a clearer picture of the College's Pell funds.

The college plans to open a clearing account for federal funds. (See page 9.)

Overstating Loan Interest Income

2. The College has to accrue interest on loans assigned to the Federal Government. Because of the setup of the College's ledger, a credit is made to "Interest Income" for the amount of the accrued interest. This overstates the College's interest income since the College never receives any money for loans assigned to the Federal Government.

We recommend the College establish an "Interest Accrued and Assigned to the Federal Government" account. A credit should be made to this account instead of the "Interest Income" account.

The college has established an "Interest Accrued and Assigned to the Federal Government" Account. (See pages 9-10.)

National Direct Student Loans Receivable

3. Loans receivable as of June 30, 1984 were \$683.98 more on the ledger cards than in the general ledger.

We recommend the College continue in their efforts to locate the difference.

The college will continue to seek to correct the discrepancy. (See page 10.)

State Work-Study Funds Not Separate

4. There is no separation of State and Federal College Work-Study funds in the College's records. This creates a very unclear audit trail.

We recommend the College devise a codification to separate State and Federal College Work-Study funds in their records.

The college is now separating the state and federal funds. (See page 10.)

Lack of Files for "No Show" Students

5. A student can apply for admission, be accepted, register for classes, apply for financial aid and be awarded, have a check or voucher drawn up in his/her name, but if the student does not show for classes, the check or voucher is voided and the records office maintains no file on the student. The admissions office does maintain a folder, but only for two years. Consequently, the records office has no records to show that the student was eligible for financial aid and that a check or voucher should have ever been prepared.

We recommend the records office maintain the "No Show" files with all other student files and that these files be maintained a minimum of five years.

The college will maintain a computerized list of admitted students. (See pages 10-11.)

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

GENERAL REMARKS

SCOPE OF AUDIT

We have completed a financial and compliance audit of the National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants, Pell Grant, and Guaranteed Student Loan Programs at West Virginia Institute of Technology in accordance with the provisions of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1981 Revision), promulgated by the United States Comptroller General, as they pertain to financial and compliance audits and the provisions of the U.S. Department of Education's Audit Guide for Student Financial Assistance (March 1984), and generally accepted auditing standards established by the American Institute of Certified Public Accountants. A financial and compliance audit determines whether the financial statements of an audited entity present fairly the financial position and results of financial operations in accordance with generally accepted accounting principles and whether the entity has complied with laws, rules, regulations and U.S. Department of Education directives, which are set forth in the audit guides, that may have a material effect upon the financial statements.

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. Office 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 and accounting for the funds provided for the program.

5. Reconciliation of the information reported on the appropriate financial statements for the period audited.

INTERNAL CONTROL AND ACCOUNTING SYSTEM

All Federal Funds in Pell Account

We noted that the College was using the Pell Account as a clearing account for all Federal funds, and then disbursing the funds to the other accounts. We feel that accounting for Pell funds would be simplified if the College would open a clearing account and keep Pell funds separate.

We recommend the College open another bank account to use as a clearing account for Federal funds.

The college had established an account to handle federal funds in a manner consistent with the audit recommendations, but had closed it at the request of the West Virginia State Treasurer. After making this finding known to the Treasurer's Office, the college was permitted to re-open a clearing account for federal funds.

Overstating Loan Interest Income

We noted that when loans are assigned to the Federal Government the College is accruing interest receivable on the assigned loans. The College debits their "Cost of Principle and Interest on Loans Assigned to the Federal Government" for the total amount of the principal and accrued interest. The debit has an off-setting credit to "Principal Assigned to the Federal Government" and "Interest Income". This credit overstates interest income, since the College never received any money on assigned loans. The entry is necessary for reporting purposes to the Federal Government. (Line 27 of the NDSL Trial Balance Sheet on the FISAP).

We recommend the College establish an "Interest Accrued and Assigned to the Federal Government" account to credit instead of crediting and in turn overstating "Interest Income".

The college has established an interest accrued and assigned to the Federal Government account as per the audit recommendations.

National Direct Student Loans Receivable

We noted that loans receivable as of June 30, 1984 were \$1,370,999.37 per the ledger cards, and \$1,370,315.39 per the ledger, a difference of \$683.98.

We recommend the College continue in their efforts to locate the difference.

The difference of \$683.98 between the ledger cards and loans receivable is much smaller than the amount when the discrepancy was initially noted in an earlier audit. The individual in charge of the NDSL loan program has continued to seek to correct the discrepancy and has made good progress toward that goal.

State Work-Study Funds Not Separated

We noted the College participates in the State College Work-Study Program as well as the Federal program. However, there is no separation of the two programs in the College's records, which creates a very unclear audit trail.

We recommend the College devise a codification to keep State and Federal College Work-Study funds separate in their records.

The college is now separating the state and federal college work study programs as recommended in the audit.

Lack of Files for "No Show" Students

We noted the records office keeps no records for students who are considered "No Show" students. These are students who apply for admission, are accepted, register for classes and then do not show for classes at the beginning of the semester. Some of these students apply for financial aid and receive award letters, checks are processed and then voided if the student does not show. However, when one tries to verify that the student was eligible, the

records office has no record of the student. We understand that not only does this cause problems while doing an audit, but also creates problems for the Financial Aid Office. We also understand that the admissions office maintains files for these students but only for two years.

We recommend the "No Show" student files be maintained in the records office with other student files and that these files be maintained a minimum of five years.

The college will maintain a computerized list of admitted students for five years as agreed to in the meeting on December 4, 1985.

AUDITORS' REPORT ON INTERNAL CONTROL

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

Sir:

We have examined the statements of changes in fund balances for the Student Financial Assistance Programs of West Virginia Institute of Technology for the three-year period ended June 30, 1984, and have issued our report thereon dated September 13, 1985. As part of our examination, we made a study and evaluation of the system of internal accounting control of West Virginia Institute of Technology 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 purposes of this report, we have classified the significant internal accounting controls in the following categories:

- General Accounting Control
- Cash Receipts
- Cash Disbursements
- Disbursement Transmittals
- Investments
- Billing and Receivables
- Payroll
- Indirect Costs

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 statement of changes in fund balances.

The management of West Virginia Institute of Technology 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

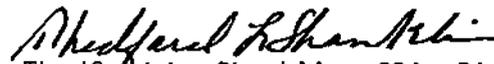
subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation would not necessarily disclose all material weaknesses in the system. However, our study and evaluation disclosed certain conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the statements of changes in fund balance of West Virginia Institute of Technology may occur and not be detected within a timely period. These conditions are noted in the General Remarks section of this report.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the statements of changes in fund balance for the three-year period ended June 30, 1984.

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

September 13, 1985

Auditors: Delbert Pullen, Supervisor
Forrest J. Grady, Auditor-in-Charge
Rodney V. Bennett

AUDITORS' OPINION ON COMPLIANCE

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

Sir:

We have examined the financial statements of the Student Financial Assistance Programs of West Virginia Institute of Technology as of and for the three-year period ended June 30, 1984, and have issued our report thereon dated September 13, 1985.

As part of our examination, we made a study and evaluation of those internal administrative methods and procedures established by West Virginia Institute of Technology to administer and account for Student Financial Assistance Programs in accordance with the significant administrative requirements of the Department of Education's March 1984 (Audit Guide for Student Financial Assistance Programs Section II and the following compliance requirements:

- I. Cash Management
- II. Financial Reporting
- III. Institutional Eligibility and Participation
- IV. Coordination of Student Aid Programs
- V. Student File Maintenance Fiscal Procedures and Recordkeeping
- VI. Student Eligibility
- VII. Institutional Disbursements to Award Recipients
- VIII. Refund Calculation and Overpayment Determination Procedures
- Other Compliance Requirements Specific to Each Student Financial Assistance Program

We understand that procedures and systems in conformity with the criteria contained in these significant administrative requirements are considered by the Department of Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act as amended. Based on this understanding and our study and evaluation, we believe the institution's procedures and systems were adequate for the Department of Education's purposes, except for the conditions described in the General Remarks section of this report, which we believe are material weaknesses in relation to the Student Financial Assistance Grants to which this report refers. In addition to these weaknesses, other conditions that we believe are not in conformity with the criteria referred to above are described in the General Remarks section of this report.

In addition, our examination included tests of controls to ensure compliance with the provisions of certain major program terms and conditions

identified in Section II - Compliance Requirements of the Audit Guide and the appropriate sections of the Code of Federal Regulations. Based upon our examination, we found that for the items tested, the institution complied with the material terms and conditions of the Student Financial Assistance Grant agreements except as described in the General Remarks section of this report.

Further, based on our examination and the procedures referred to above, except as discussed in the preceding paragraph, nothing came to our attention to indicate that West Virginia Institute of Technology had not complied with the material terms and conditions of the West Virginia Institute of Technology Student Financial Assistance Programs.

This report is intended solely for the use of West Virginia Institute of Technology, 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

September 13, 1985

Auditors: Delbert Pullen, Supervisor
Forrest J. Grady, Auditor-in-Charge
Rodney V. Bennett

AUDITORS' OPINION

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

Sir:

We have examined the accompanying Statements of Changes in Student Financial Assistance Program Fund Balances of West Virginia Institute of Technology for the three years ended June 30, 1984, June 30, 1983 and June 30, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements were prepared for the purpose of complying with the audit requirement relating to the Student Financial Assistance Programs of the U.S. Department of Education and is limited to activities related to these programs.

In our opinion, the statements referred to above present fairly the changes in Student Financial Assistance Program Fund Balances of West Virginia Institute of Technology for the years ended June 30, 1984, June 30, 1983 and June 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the accompanying Statements of Changes in Student Financial Assistance Program Fund Balances taken as a whole. The information included in the supplementary schedules for each Student Financial Assistance Program is presented for purposes of additional analysis and is not a required part of the accompanying Statements of Changes in Student Financial Assistance Program Fund Balances. The information has been subjected to the auditing procedures applied in the examination of the accompanying Statements of Changes in Student Financial Assistance Program Fund Balances of West Virginia Institute of Technology and, in our opinion, is fairly stated in all material respects in relation to the accompanying statement taken as a whole.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

September 13, 1985

Auditors: Delbert Pullen, Supervisor
Forrest J. Grady, Auditor-in-Charge
Rodney V. Bennett

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES IN STUDENT FINANCIAL
ASSISTANCE PROGRAM FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1984

	<u>Grants and College Work-Study</u>		
	<u>Pell</u>	<u>Supplemental Educational Opportunity Grants</u>	<u>College Work-Study</u>
Beginning Fund Balances	\$ 17,144.87	\$ 198.54	\$ 18,102.54
Additions:			
Federal Awards	692,867.62	122,392.00	196,833.00
Institutional Matching	-0-	-0-	179,343.60
Other	-0-	-0-	8,591.01
Total Additions	<u>692,867.62</u>	<u>122,392.00</u>	<u>384,767.61</u>
Deductions:			
Grants	724,202.61	114,463.44	-0-
Loan Cancellations	-0-	-0-	-0-
Wages	-0-	-0-	376,103.56
Administrative Expenses	-0-	.27	18,001.93
Collection Costs	-0-	-0-	-0-
Amount Returned to Government	-0-	-0-	-0-
Job Location and Development Program	-0-	-0-	10,895.62
Other	-0-	-0-	1,240.84
Total Deductions	<u>724,202.61</u>	<u>114,463.71</u>	<u>406,241.95</u>
Net (Decrease) Increase in Fund Balances	<u>(31,334.99)</u>	<u>7,928.29</u>	<u>(21,474.34)</u>
Fund Balances - June 30, 1984	<u>(\$ 14,190.12)</u>	<u>\$ 8,126.83</u>	<u>(\$ 3,371.80)</u>

See Notes to Financial Statements

<u>Student Loans</u>	
<u>National</u>	
<u>Direct</u>	
<u>Student Loan</u>	<u>Total</u>
<u>\$1,415,911.75</u>	<u>\$1,451,357.70</u>
31,798.00	1,043,890.62
3,533.11	182,876.71
<u>26,474.36</u>	<u>35,065.37</u>
<u>61,805.47</u>	<u>1,261,832.70</u>
-0-	838,666.05
9,817.95	9,817.95
-0-	376,103.56
15,773.67	33,775.87
940.70	940.70
8,112.71	8,112.71
-0-	10,895.62
<u>-0-</u>	<u>1,240.84</u>
<u>34,645.03</u>	<u>1,279,553.30</u>
<u>27,160.44</u>	<u>(17,720.60)</u>
<u>\$1,443,072.19</u>	<u>\$1,433,637.10</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 STATEMENT OF CHANGES IN STUDENT FINANCIAL
 ASSISTANCE PROGRAM FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1983

	<u>Grants and College Work-Study</u>		
	<u>Pell</u>	<u>Supplemental Educational Opportunity Grants</u>	<u>College Work-Study</u>
Beginning Fund Balances	(\$ 3,914.59)	\$ 422.86	\$ 40,994.87
Additions:			
Federal Awards	608,728.00	96,703.00	194,656.00
Institutional Matching	-0-	-0-	154,289.33
Other	-0-	28,047.00	6,463.19
Total Additions	<u>608,728.00</u>	<u>124,750.00</u>	<u>355,408.52</u>
Deductions:			
Grants	586,152.64	117,243.90	-0-
Loan Cancellations	-0-	-0-	-0-
Wages	-0-	-0-	348,851.46
Administrative Expenses	1,515.90	7,730.42	15,182.98
Collection Costs	-0-	-0-	-0-
Amounts Returned to Government	-0-	-0-	-0-
Job Location and Development Program	-0-	-0-	11,522.09
Other	-0-	-0-	2,744.32
Total Deductions	<u>587,668.54</u>	<u>124,974.32</u>	<u>378,300.85</u>
Net Increase (Decrease) in Fund Balances	<u>21,059.46</u>	<u>(224.32)</u>	<u>(22,892.33)</u>
Fund Balances - June 30, 1983	<u>\$ 17,144.87</u>	<u>\$ 198.54</u>	<u>\$ 18,102.54</u>

See Notes to Financial Statements

<u>Student Loans</u>	
<u>National</u>	
<u>Direct</u>	
<u>Student Loan</u>	<u>Total</u>
<u>\$1,372,218.99</u>	<u>\$1,409,722.13</u>
21,481.00	921,568.00
2,386.78	156,676.11
<u>32,035.81</u>	<u>66,546.00</u>
<u>55,903.59</u>	<u>1,144,790.11</u>
-0-	703,396.54
6,187.86	6,187.86
-0-	348,851.46
4,176.42	28,605.72
1,535.28	1,535.28
311.27	311.27
-0-	11,522.09
<u>-0-</u>	<u>2,744.32</u>
<u>12,210.83</u>	<u>1,103,154.54</u>
<u>43,692.76</u>	<u>41,635.57</u>
<u>\$1,415,911.75</u>	<u>\$1,451,357.70</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES IN STUDENT FINANCIAL
ASSISTANCE PROGRAM FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1982

	<u>Grants and College Work-Study</u>		
	<u>Pell</u>	<u>Supplemental Educational Opportunity Grants</u>	<u>College Work-Study</u>
Beginning Fund Balances	\$ 7,163.26	\$ -0-	\$ 18,872.46
Additions:			
Federal Awards	605,190.00	101,564.00	187,976.00
Institutional Matching	-0-	-0-	127,685.99
Other	-0-	7,000.00	3,049.69
Total Additions	<u>605,190.00</u>	<u>108,564.00</u>	<u>318,711.68</u>
Deductions:			
Grants	616,267.85	104,497.39	-0-
Loan Cancellations	-0-	-0-	-0-
Wages	-0-	-0-	272,097.12
Administrative Expenses	-0-	3,643.75	12,947.03
Collection Costs	-0-	-0-	-0-
Amounts Returned to Government	-0-	-0-	-0-
Job Location and Development Program	-0-	-0-	10,538.78
Other	-0-	-0-	1,006.34
Total Deductions	<u>616,267.85</u>	<u>108,141.14</u>	<u>296,589.27</u>
Net (Decrease) Increase in Fund Balances	<u>(11,077.85)</u>	<u>422.86</u>	<u>22,122.41</u>
Fund Balances - June 30, 1982	<u>(\$ 3,914.59)</u>	<u>\$ 422.86</u>	<u>\$ 40,994.87</u>

See Notes to Financial Statements

<u>Student Loans</u>	
<u>National</u>	
<u>Direct</u>	
<u>Student Loan</u>	<u>Total</u>
<u>\$1,477,407.09</u>	<u>\$1,503,442.81</u>
11,780.00	906,510.00
1,308.89	128,994.88
<u>32,749.57</u>	<u>42,799.26</u>
<u>45,838.46</u>	<u>1,078,304.14</u>
-0-	720,765.24
11,914.10	11,914.10
-0-	272,097.12
13,214.74	29,805.52
7,574.77	7,574.77
118,322.95	118,322.95
-0-	10,538.78
<u>-0-</u>	<u>1,006.34</u>
<u>151,026.56</u>	<u>1,172,024.82</u>
<u>(105,188.10)</u>	<u>(93,720.68)</u>
<u>\$1,372,218.99</u>	<u>\$1,409,722.13</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

The financial statements of the National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants and Pell Grant Programs have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Except as described in the following paragraph, generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the Department of Education in the terms of agreement and in fiscal control and fund accounting procedures.

The prescribed practices for the National Direct Student Loan Program do not provide for accrual of interest on student loans receivable or for a provision of allowance for doubtful loans. Accordingly, interest on loans is recorded as received; uncollectible loans are not recognized until cancelled or written off in conformity with the National Direct Student Loan Program requirements. These practices do not conform with generally accepted accounting principles.

Because the statement of changes in fund balances presents only a selected portion of the activities, 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.

Note B - Alternate Presentation of Fund Balance

The June 30, 1981 fund balance for the College Work-Study Program was adjusted to more accurately present the transactions which occurred. The fund balance was adjusted in the following amount:

Fund Balance:	
Prior Audit	\$21,406.12
Adjustment	<u>(2,533.66)</u>
Adjusted Fund Balance - June 30, 1982	<u>\$18,872.46</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 SCHEDULE OF DISBURSEMENTS AND EXPENDITURES
 FOR EACH STUDENT FINANCIAL ASSISTANCE PROGRAM

	<u>Year Ended June 30,</u>		
	<u>1984</u>	<u>1983</u>	<u>1982</u>
Disbursements:			
National Direct Student Loan Program	\$219,603.97	\$230,146.18	\$150,588.80
Expenditures:			
Pell Grant Program	\$724,202.61	\$587,668.54	\$616,267.85
Supplemental Educational Opportunity Grants Program	\$114,463.71	\$124,974.32	\$108,141.14
College Work-Study Program	\$406,241.95	\$378,300.85	\$296,589.27

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

PELL GRANT PROGRAM

BALANCE SHEET AS OF JUNE 30, 1984

Assets

Cash on Hand	\$ 1,050.38
Accounts Receivable - Students	<u>531.00</u>
Total Assets	<u>\$ 1,581.38</u>

Liabilities and Fund Balance

Liabilities:	
Accounts Payable:	
Students	\$14,601.50
Wood Loan Fund	<u>1,170.00</u>
Total Liabilities	15,771.50
Fund Balance	<u>(14,190.12)</u>
Total Liabilities and Fund Balance	<u>\$ 1,581.38</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
PELL GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1984

Beginning Fund Balance	\$ 17,144.87
Additions:	
Grant Authorization	724,012.00
Funds Not Requested	<u>(31,144.38)</u>
Total Additions	692,867.62
Deductions:	
Net Awards	<u>724,202.61</u>
Net (Decrease) in Fund Balance	<u>(31,334.99)</u>
Ending Fund Balance	<u><u>(\$ 14,190.12)</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 PELL GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1983

Beginning Fund Balance	(\$ 3,914.59)
Additions:	
Grant Authorization	585,943.00
Additional Federal Funds	<u>22,785.00</u>
Total Additions	608,728.00
Deductions:	
Net Awards	586,152.64
Administrative Expenses	<u>1,515.90</u>
Total Deductions	<u>587,668.54</u>
Net Increase in Fund Balance	<u>21,059.46</u>
Ending Fund Balance	<u><u>\$ 17,144.87</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
PELL GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1982

Beginning Fund Balance	\$ 7,163.26
Additions:	
Grant Authorization	616,187.00
Funds Not Requested	<u>(10,997.00)</u>
Total Additions	605,190.00
Deductions:	
Net Awards	<u>616,267.85</u>
Net (Decrease) in Fund Balance	<u>(11,077.85)</u>
Ending Fund Balance	<u><u>(\$ 3,914.59)</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET AS OF JUNE 30, 1984

<u>Assets</u>	
Cash on Hand	<u>\$8,126.83</u>
Total Assets	<u><u>\$8,126.83</u></u>
 <u>Liabilities and Fund Balance</u> 	
Liabilities	\$ -0-
Fund Balance	<u>8,126.83</u>
Total Liabilities and Fund Balance	<u><u>\$8,126.83</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1984

Beginning Fund Balance	\$ 198.54
Additions:	
Federal Funds	122,392.00
Deductions:	
Grants	114,463.44
Administrative Expenses	<u>.27</u>
Total Deductions	<u>114,463.71</u>
Net Increase in Fund Balance	<u>7,928.29</u>
Ending Fund Balance	<u><u>\$ 8,126.83</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1983

Beginning Fund Balance	\$ 422.86
Additions:	
Federal Funds	96,703.00
Transfers	<u>28,047.00</u>
Total Additions	124,750.00
Deductions:	
Grants	117,243.90
Administrative Expenses	<u>7,730.42</u>
Total Deductions	<u>124,974.32</u>
Net (Decrease) in Fund Balance	<u>(224.32)</u>
Ending Fund Balance	<u><u>\$ 198.54</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1982

Beginning Fund Balance	\$ -0-
Additions:	
Federal Funds	101,564.00
Transfers - Wood Loan Fund	<u>7,000.00</u>
Total Additions	108,564.00
Deductions:	
Grants	104,497.39
Administrative Expenses	<u>3,643.75</u>
Total Deductions	<u>108,141.14</u>
Net Increase in Fund Balance	<u>422.86</u>
Ending Fund Balance	<u><u>\$ 422.86</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET AS OF JUNE 30, 1984

Assets

Cash in State Treasury	\$15,692.45
Funds Receivable - Institution	<u>18,437.09</u>
Total Assets	<u>\$34,129.54</u>

Liabilities and Fund Balance

Liabilities:	
Accounts Payable:	
Accrued Wages	\$19,096.44
Social Security Matching	402.97
Administrative Expenses	<u>18,001.93</u>
Total Liabilities	37,501.34
Fund Balance	<u>(3,371.80)</u>
Total Liabilities and Fund Balance	<u>\$34,129.54</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1984

Beginning Fund Balance	\$ 18,102.54
Additions:	
Federal Fund	218,703.00
Transfer to SEOG	(21,870.00)
Institutional Matching	179,343.60
Other	<u>8,591.01</u>
Total Additions	384,767.61
Deductions:	
Wages:	
On Campus	342,852.82
Off Campus	29,977.97
Social Security Matching	3,029.93
Workers' Compensation	242.84
Administrative Expenses	18,001.93
Job Location and Development	10,895.62
Kanawha City Public Library	<u>1,240.84</u>
Total Deductions	<u>406,241.95</u>
Net (Decrease) in Fund Balance	<u>(21,474.34)</u>
Ending Fund Balance	<u><u>(\$ 3,371.80)</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1983

Beginning Fund Balance	\$ 40,994.87
Additions:	
Federal Funds	218,703.00
Transfer to SEOG	(24,047.00)
Institutional Matching	154,289.33
Other	<u>6,463.19</u>
Total Additions	355,408.52
Deductions:	
Wages:	
On Campus	322,179.70
Off Campus	23,613.08
Social Security Matching	1,777.05
Workers' Compensation	157.83
Administrative Expenses	15,182.98
Unemployment Compensation	1,123.80
Job Location and Development Program	11,522.09
Kanawha City Public Library	<u>2,744.32</u>
Total Deductions	<u>378,300.85</u>
Net (Decrease) in Fund Balance	<u>(22,892.33)</u>
Ending Fund Balance	<u><u>\$ 18,102.54</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1982

Beginning Fund Balance	\$ 18,872.46
Additions:	
Federal Funds	198,976.00
Transfer to SEOG	(11,000.00)
Institutional Matching	127,685.99
Other	<u>3,049.69</u>
Total Additions	318,711.68
Deductions:	
Wages:	
On Campus	261,280.82
Off Campus	9,841.21
Social Security Matching	919.98
Workers' Compensation	55.11
Administrative Expenses	12,947.03
Job Location and Development Program	10,538.78
Kanawha City Public Library	<u>1,006.34</u>
Total Deductions	<u>296,589.27</u>
Net Increase in Fund Balance	<u>22,122.41</u>
Ending Fund Balance	<u><u>\$ 40,994.87</u></u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 BALANCE SHEET AS OF JUNE 30, 1984

<u>Assets</u>	
Cash in Bank	\$ 58,228.74
Student Loans Receivable	1,370,315.39
Funds Receivable - Federal Government	5,854.00
Funds Receivable - Institution	<u>8,719.06</u>
Total Assets	<u>\$1,443,117.19</u>
 <u>Liabilities and Fund Balance</u> 	
Liabilities:	
Accounts Payable	\$ 45.00
Fund Balance:	
Capital:	
Federal Contributions	1,622,847.00
Institutional Contributions	<u>180,318.94</u>
Capital Fund Balance	1,803,165.94
Non-Capital Fund Deficit	<u>(360,093.75)</u>
Total Fund Balance	<u>1,443,072.19</u>
Total Liabilities and Fund Balance	<u>\$1,443,117.19</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1984

Non-Capital Fund Balance

Additions:	
Interest Income on Loans	\$ 19,710.47
Reimbursement on Loans Cancelled	5,854.00
Other Income	<u>909.89</u>
Total Additions	26,474.36
Deductions:	
Loan Principal and Interest Cancelled:	
Teaching Service	6,517.42
Bankruptcy	3,300.53
Administrative Expenses	15,773.67
Other Collection Costs	940.70
Defaulted Loan Principal and Interest Assigned/ Referred to and Received by the United States	<u>8,112.71</u>
Total Deductions	<u>34,645.03</u>
Net (Decrease) for the Year	(8,170.67)
Fund Deficit, Beginning of Year	<u>(351,923.08)</u>
Non-Capital Fund Deficit - June 30, 1984	<u>(\$ 360,093.75)</u>

Capital Fund Balance

Federal Contributions	\$ 31,798.00
Institutional Contributions	<u>3,533.11</u>
Total Contributions	35,331.11
Fund Balance - Beginning of Year	<u>1,767,834.83</u>
Capital Fund Balance - June 30, 1984	<u>\$1,803,165.94</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1983

Non-Capital Fund Balance

Additions:	
Interest Income on Loans	\$ 18,034.81
Reimbursement on Loans Cancelled	<u>14,001.00</u>
Total Additions	<u>32,035.81</u>
Deductions:	
Loan Principal and Interest Cancelled:	
Teaching Service	5,039.17
Death	962.34
Bankruptcy	186.35
Administrative Expenses	4,176.42
Other Collection Costs	1,535.28
Defaulted Loan Principal and Interest Assigned/ Referred to and Received by the United States	<u>311.27</u>
Total Deductions	<u>12,210.83</u>
Net Increase for the Year	19,824.98
Fund Deficit - Beginning of Year	<u>(371,748.06)</u>
Non-Capital Fund Deficit - June 30, 1983	<u>(\$ 351,923.08)</u>

Capital Fund Balance

Federal Contributions	\$ 21,481.00
Institutional Contributions	<u>2,386.78</u>
Total Contributions	23,867.78
Fund Balance - Beginning of Year	<u>1,743,967.05</u>
Capital Fund Balance - June 30, 1983	<u>\$1,767,834.83</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1982

Non-Capital Fund Balance

Additions:	
Interest Income on Loans	<u>\$ 32,749.57</u>
Deductions:	
Loan Principal and Interest Cancelled:	
Teaching Service	9,963.44
Death	1,437.00
Bankruptcy	513.66
Administrative Expenses	13,214.74
Other Collection Costs	7,574.77
Defaulted Loan Principal and Interest Assigned/ Referred to and Received by the United States	<u>118,322.95</u>
Total Deductions	<u>151,026.56</u>
Net (Decrease) for the Year	<u>(118,276.99)</u>
Fund Deficit - Beginning of Year	<u>(253,471.07)</u>
Non-Capital Fund Deficit - June 30, 1982	<u>(\$ 371,748.06)</u>

Capital Fund Balance

Federal Contributions	\$ 11,780.00
Institutional Contributions	<u>1,308.89</u>
Total Contributions	13,088.89
Fund Balance - Beginning of Year	<u>1,730,878.16</u>
Capital Fund Balance - June 30, 1982	<u>\$1,743,967.05</u>

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPUTATION OF DEFAULT RATE
 AS OF JUNE 30, 1984
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 256,736.00
Deduct: Principal Amount Repaid or Cancelled	<u>35,551.00</u>
Total Remaining Principal Amount Which has Not Been Paid, Cancelled or Assigned on Notes in Default	<u>\$ 221,185.00</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$3,702,033.00
Deduct: Amount Not in Repayment Status:	
Student Status	\$ 348,625.00
Grace Period	<u>138,519.00</u>
	<u>487,144.00</u>
Total Amount in Repayment Status	<u>\$3,214,889.00</u>
Percentage of Loans in Default (\$221,185.00 ÷ \$3,214,889.00)	<u>\$ 6.88%</u>

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 10th day of December,
1985.

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, West Virginia Institute of Technology; West Virginia Board of Regents; Governor; Attorney General; and, State Auditor.