

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

SPECIAL SERVICES PROGRAM

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

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



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON 5. WEST VIRGINIA

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

REPORT OF AUDIT
SPECIAL SERVICES 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 Special Services Program at West Virginia Institute of Technology.

This audit 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,

Theodore L. Shanklin
Theodore L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/nkk

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

SPECIAL SERVICES PROGRAM

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WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SPECIAL SERVICES PROGRAM
EXIT CONFERENCE

We held an exit conference with the President and his staff on December 4, 1985. The above named officials concurred with the report.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SPECIAL SERVICES PROGRAM
INTRODUCTION

Background

West Virginia Institute of Technology is an institution of higher education and was last approved on June 1, 1980 by the U.S. Department of Education for participation in the Special Services Program. Our examination of the Special Services Program at West Virginia Institute of Technology for the three-year period ended June 30, 1984 was directed toward the objectives set forth in the Code of Federal Regulations pertaining to this program.

Special Services Program

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 West Virginia Institute of Technology on July 1, 1970. During the period of this audit, July 1, 1981 through June 30, 1984, Federal funds expended under the Special Services Program totaled \$208,963.00 and up to 200 students participated in the program each year. The program is administered by the Coordinator of the Trio Programs. Financial accountability is provided by the Administrative Vice President.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

SPECIAL SERVICES PROGRAM

ADMINISTRATIVE OFFICERS AND STAFF

Dr. Leonard C. Nelson President
Dr. Kenneth R. Bailey Administrative Vice President
Ms. Elaine Chiles Director of Student Financial Aid
Mr. E. Eugene Dillion Registrar
Mr. Thomas I. Elgin Comptroller
Ms. Denise Hardy Business Manager
Ms. Donna Phillips Assistant Department Business Manager
Ms. Patricia Metheney Coordinator of the Trio Programs

WEST VIRGINIA INSTITUTE OF TECHNOLOGY

SPECIAL SERVICES PROGRAM

GENERAL REMARKS

SCOPE OF AUDIT

We have completed a financial and compliance audit of the Special Services Program 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, the applicable provisions of the Code of Federal Regulations 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 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.

HIGHLIGHTS OF AUDIT RESULTS

During our audit nothing came to our attention which caused us to believe that West Virginia Institute of Technology had not generally administered the Special Services Program in accordance with U.S. Department of Education regulations and directives.

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

There were no findings or recommendations on internal controls and accounting system.

AUDITORS' REPORT ON INTERNAL ACCOUNTING AND
ADMINISTRATIVE CONTROLS AND COMPLIANCE

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 West Virginia Institute of Technology for the period July 1, 1981 through June 30, 1984. Our opinion on the above statements is contained on page 8 of this report. As a part of our examination we have made a study of the institution's system of internal accounting control to the extent we considered necessary to evaluate the system as required by "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981) issued by the Comptroller General. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures of West Virginia Institute of Technology that we considered relevant to the criteria established by Department of Education directives. Our study included tests of compliance with such procedures during the period from July 1, 1981 to June 30, 1984.

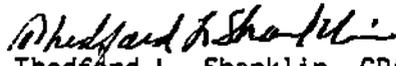
The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Based on our study, which included tests of compliance with instructions

and guidelines provided by the U.S. Department of Education, we believe West Virginia Institute of Technology followed procedures which were adequate for proper administration of the Special Services Program during the period July 1, 1981 through June 30, 1984.

Respectfully submitted,


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

Sir:

We have examined the balance sheet of the Special Services Program at West Virginia Institute of Technology as of June 30, 1984 and the related statement of changes in fund balance for the three-year period ended June 30, 1984. 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 we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Special Services Program at West Virginia Institute of Technology at June 30, 1984 and the changes in fund balance for the three-year period ended June 30, 1984 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 basic financial statement taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,



Theford 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
SPECIAL SERVICES PROGRAM
BALANCE SHEET AS OF JUNE 30, 1984

| <u>Assets</u> | |
|--------------------------------------|-------------------|
| Cash | <u>\$7,760.58</u> |
| Total Assets | <u>\$7,760.58</u> |
| <u>Liabilities and Fund Balances</u> | |
| Liabilities: | |
| Accounts Payable | \$7,760.58 |
| Fund Balance | <u>-0-</u> |
| Total Liabilities and Fund Balances | <u>\$7,760.58</u> |

See Note to Financial Statements

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE THREE-YEAR PERIOD ENDED JUNE 30, 1984

| | |
|-------------------------------|-------------------|
| Additions: | |
| Total Grant Award Authorized | \$208,963.00 |
| Authorization Not Used | (22,755.00) |
| Funds Transferred | (8,567.43) |
| Previous Year Funds | <u>28,949.00</u> |
| Total Additions | 206,589.57 |
| Deductions: | |
| Program Expenditures | <u>208,963.00</u> |
| Net (Decrease) For the Period | (2,373.43) |
| Beginning Fund Balance | <u>2,373.43</u> |
| Ending Fund Balance | <u>\$ -0-</u> |

See Note to Financial Statements

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
SPECIAL SERVICES PROGRAM
NOTE TO FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

The financial statements for the Special Services Program at the College have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Accounting principles are in agreement with the accounting practices prescribed for the program by the U.S. Department of Education.

SUPPLEMENTAL INFORMATION

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

| | |
|---------------------------|--------------------|
| Additions: | |
| Total Grant Authorized | \$68,700.00 |
| Previous Year Funds | <u>11,101.00</u> |
| Total Additions | 79,801.00 |
| Deductions: | |
| Program Expenditures | <u>68,700.00</u> |
| Net Increase For the Year | 11,101.00 |
| Beginning Fund Balance | <u>(11,101.00)</u> |
| Ending Fund Balance | <u>\$ -0-</u> |

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

| | |
|-----------------------------|----------------------|
| Additions: | |
| Total Grant Authorized | \$68,700.00 |
| Authorization Not Used | (11,101.00) |
| Funds Transferred | (8,567.43) |
| Previous Year Funds | <u>11,654.00</u> |
| Total Additions | 60,685.57 |
| Deductions: | |
| Program Expenditures | <u>68,700.00</u> |
| Net (Decrease) For the Year | (8,014.43) |
| Beginning Fund Balance | <u>(3,086.57)</u> |
| Ending Fund Balance | <u>(\$11,101.00)</u> |

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

| | |
|-----------------------------|----------------------|
| Additions: | |
| Total Grant Authorized | \$71,563.00 |
| Authorization Not Used | (11,654.00) |
| Previous Year Funds | <u>6,194.00</u> |
| Total Additions | 66,103.00 |
| Deductions: | |
| Program Expenditures | <u>71,563.00</u> |
| Net (Decrease) For the Year | (5,460.00) |
| Beginning Fund Balance | <u>2,373.43</u> |
| Ending Fund Balance | <u>(\$ 3,086.57)</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.