

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, 1984 - JUNE 30, 1987

LEGISLATIVE AUDITOR'S OFFICE  
STATE OF WEST VIRGINIA

*West Virginia*



**LEGISLATIVE AUDITOR**

**CHARLESTON**

The Joint Committee on Government and Finance:

In compliance with 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, 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

TLS/tb

TABLE OF CONTENTS

Part I - Introduction . . . . . 1

Part II - Highlights of Audit Results . . . . . 2

Part III - Auditors' Report on Financial Statements . . . . . 3

Exhibits:

    A - Balance Sheet as of June 30, 1987 . . . . . 4

    B - Statement of Changes in Fund Balance for the  
        Three-Year Period Ended June 30, 1987 . . . . . 5

    Note to Financial Statements . . . . . 6

Part IV - Auditors' Report on Internal Accounting Control . . . . . 7

Part V - Auditors' Report on Compliance . . . . . 9

Part VI - Auditors' Comments on Audit Resolution  
Matters Relating to the Special Services Program . . . . . 10

Supplemental Information

    Schedule 1 - Statement of Changes in Fund Balance for  
        the Year Ended June 30, 1987 . . . . . 12

    Schedule 2 - Statement of Changes in Fund Balance for  
        the Year Ended June 30, 1986 . . . . . 13

    Schedule 3 - Statement of Changes in Fund Balance for  
        the Year Ended June 30, 1985 . . . . . 14

Certificate of Director, Legislative Postaudit Division . . . . . 15

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, 1984 - June 30, 1987

Part I - Introduction

Background

West Virginia Institute of Technology is an institution of higher education and was last approved on June 1, 1986 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, 1987 was directed toward the objectives set forth in the Code of Federal Regulations pertaining to this 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, 1984 through June 30, 1987, Federal funds expended under the Special Services Program totaled \$203,974.66 and up to 200 students participated in the program each year. The program is administered by the Director of Special Services. Financial accountability is provided by the Vice President for Research and Planning.

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. 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 and 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 West Virginia Institute of Technology had not generally administered the Special Services Program in accordance with U.S. Department of Education regulations and directives.

Part III - Auditors' Report on Financial Statements

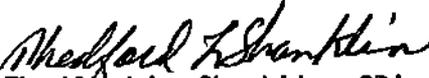
The Joint Committee on Government and Finance:

We have examined the balance sheet of the Special Services Program at West Virginia Institute of Technology as of June 30, 1987 and the related statement of changes in fund balance for the three-year period ended June 30, 1987. 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, 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, 1985, taken as a whole, and was not directed toward formulating an opinion on the balance sheets at June 30, 1983, or June 30, 1984, 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,

  
Theodford L. Shanklin, CPA, Director  
Legislative Postaudit Division

November 29, 1988

Auditors: Raymond V. Shingler, CPA, Supervisor  
Marvin L. Taylor, Auditor-in-Charge

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
SPECIAL SERVICES PROGRAM  
BALANCE SHEET  
June 30, 1987

ASSETS

Cash on Hand	\$1,568.00
Funds Receivable from Other Federal Programs	<u>1,442.66</u>
Total Assets	<u>\$3,010.66</u>

LIABILITIES AND FUND BALANCE

Accounts Payable: Program Expenditures	3,010.66
Fund Balance	<u>-0-</u>
Total Liabilities and Fund Balance	<u>\$3,010.66</u>

Exhibit A

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, 1987

	<u>Year Ended June 30,</u>			<u>Total For The Period</u>
	<u>1985</u>	<u>1986</u>	<u>1987</u>	
<b>Additions:</b>				
Federal Funds Received	<u>\$78,000.00</u>	<u>\$64,532.00</u>	<u>\$61,442.66</u>	<u>\$203,974.66</u>
Total Additions	78,000.00	64,532.00	61,442.66	203,974.66
<b>Deductions:</b>				
Program Expenditures	<u>78,000.00</u>	<u>64,532.00</u>	<u>61,442.66</u>	<u>203,974.66</u>
Total Deductions	<u>78,000.00</u>	<u>64,532.00</u>	<u>61,442.66</u>	<u>203,974.66</u>
Net Increase in Fund Balance	-0-	-0-	-0-	-0-
Beginning Fund Balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Exhibit B

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.

## Part IV - Auditors' Report on Internal Accounting Control

The Joint Committee on Government and Finance:

We have examined the financial statements for the Special Services Program at West Virginia Institute of Technology for the three-year period ended June 30, 1987, and have issued our report thereon dated November 29, 1988.

As part of our examination, we made a study and evaluation of the system of the internal accounting controls 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 Organization, Programs, Activities and Functions (revised 1981). 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 West Virginia Institute of Technology is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objective 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 West Virginia Institute of Technology 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,

  
Theford L. Shanklin, CPA, Director  
Legislative Postaudit Division

November 29, 1988

Auditors: Raymond V. Shingler, CPA, Supervisor  
Marvin L. Taylor, Auditor-in-Charge

Part V - Auditors' Report on Compliance

The Joint Committee on Government and Finance:

We have examined the accompanying financial statements for the Special Services Program at West Virginia Institute of Technology for the three-year period ended June 30, 1987 and have issued our report thereon dated November 29, 1988. As a 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 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

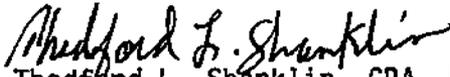
We understand that procedures and systems in conformity with the criteria contained in these instructions and guidelines are considered by Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act, as amended. Based on this understanding of our study and evaluation, we believe the institutions 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 West Virginia Institution of Technology had not complied with the material terms and conditions identified in the first paragraph above of West Virginia Institute of Technology's Special Services Program.

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,

  
Theodor L. Shanklin, CPA, Director  
Legislative Postaudit Division

November 29, 1988

Auditors: Raymond Shingler, CPA, Supervisor  
Marvin L. Taylor, Auditor-in-Charge

Part VI - Auditor's Comments on Audit Resolution  
Matters Relating to the Special Services Program

The prior audit report dated September 13, 1985, for the period July 1, 1981 through June 30, 1984 showed no findings that would have to be resolved as of this report date. /

**SUPPLEMENTAL INFORMATION**

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
SPECIAL SERVICES PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1987

	<u>Total</u>
Additions:	
Federal Funds Received	<u>\$61,442.66</u>
Total Additions	61,442.66
Deductions:	
Program Expenditures	<u>61,442.66</u>
Total Deductions	<u>61,442.66</u>
Net Increase In Fund Balance	-0-
Beginning Fund Balance	<u>-0-</u>
Ending Fund Balance	<u><u>\$ -0-</u></u>

Schedule 1

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
SPECIAL SERVICES PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1986

	<u>Total</u>
Additions:	
Federal Funds Received	<u>\$64,532.00</u>
Total Additions	64,532.00
Deductions:	
Program Expenditures	<u>64,532.00</u>
Total Deductions	<u>64,532.00</u>
Net Increase In Fund Balance	-0-
Beginning Fund Balance	<u>-0-</u>
Ending Fund Balance	<u>\$ -0-</u>

Schedule 2

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
SPECIAL SERVICES PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1985

	<u>Total</u>
Additions:	
Federal Funds Received	<u>\$78,000.00</u>
Total Additions	78,000.00
Deductions:	
Program Expenditures	<u>78,000.00</u>
Total Deductions	<u>78,000.00</u>
Net Increase In Fund Balance	-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, Thedford L. Shanklin, Director, Legislative Postaudit Division, 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 23rd day of May,  
1989.

  
\_\_\_\_\_  
Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

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.