

SPECIAL REPORT ON INVENTORY

# CONCORD UNIVERSITY

FOR THE PERIOD JULY 1, 2008 - JUNE 30, 2009

# FAIRMONT STATE UNIVERSITY

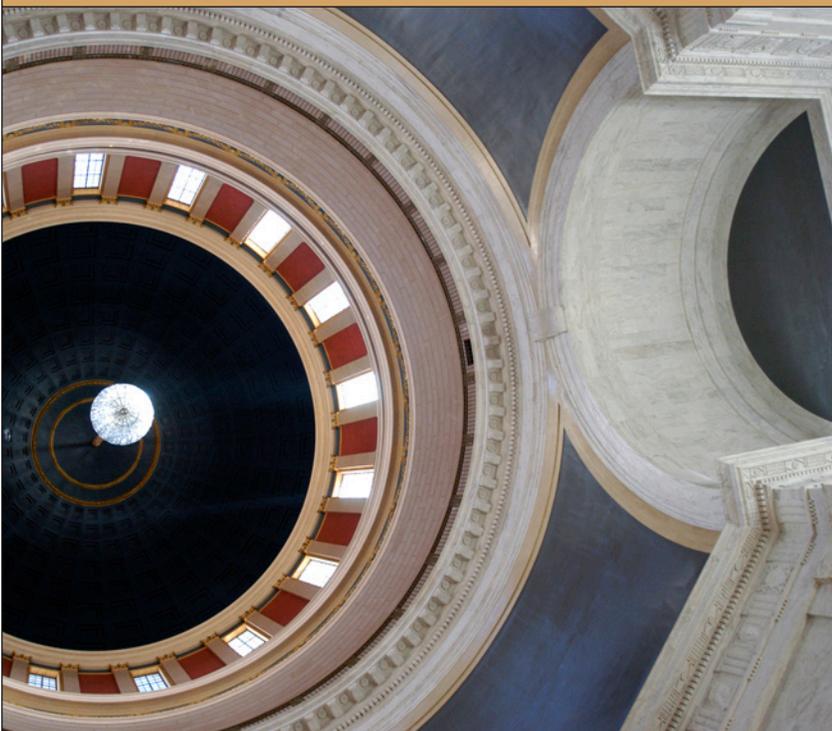
FOR THE PERIOD JULY 1, 2007 - JUNE 30, 2008

# WVU INSTITUTE OF TECHNOLOGY

FOR THE PERIOD JULY 1, 2007 - JUNE 30, 2008

## REPORT OVERVIEW

Unable to locate all items selected on testing  
Items retired from inventory system w/o proper form  
Annual Physical Inventories not properly performed



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**WEST VIRGINIA LEGISLATURE**  
*Joint Committee on Government and Finance*

Stacy L. Sneed, CPA, CICA, Director  
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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 conducted a post audit on the inventory of Concord University for the period of July 1, 2008 through June 30, 2009; Fairmont State University for the period of July 1, 2007 through June 30, 2008; and West Virginia University Institute of Technology for the period of July 1, 2007 through June 30, 2008.

We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Our audit disclosed certain findings which are detailed in this report. The University's management has responded to the audit findings; and we have included the responses at the end of the report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stacy L. Sneed".

Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division

**SPECIAL REPORT ON INVENTORY OF  
CONCORD UNIVERSITY  
FAIRMONT STATE UNIVERSITY  
WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY**

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**TABLE OF CONTENTS**

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<b>Executive Summary .....</b>	<b>2</b>
<b>Introduction .....</b>	<b>6</b>
Post Audit Authority.....	6
Background.....	6
<b>Staff Listing.....</b>	<b>9</b>
<b>Report Scope .....</b>	<b>10</b>
<b>Objectives and Methodologies .....</b>	<b>10</b>
<b>Conclusion .....</b>	<b>11</b>
<b>Exit Conference.....</b>	<b>11</b>
<b>Significant Deficiencies and Material Weaknesses in Internal Control and Reportable Compliance and Other Matters Findings .....</b>	<b>12</b>
Finding 1 – Improper Inventory Management .....	13
Finding 2 – Improper Retirement .....	18
Finding 3 – Computers Not Being Entered Into Inventory System .....	20
Finding 4 – Internal Controls over Physical Inventory .....	23
Finding 5 – Firearms Not Being Entered Into Inventory System.....	25
Finding 6 – Lack of Segregation of Duties .....	28
Finding 7 – Lack of Internal Controls on Inventory Items Not Located .....	30
Attachment A - Surplus Property Retirement form.....	32
Attachment B – Concord University Responses .....	35
Attachment C – Fairmont State University Responses .....	43
Attachment D – West Virginia University Institute of Technology Responses.....	80
<b>Certificate of Director, Legislative Post Audit Division .....</b>	<b>85</b>







**Finding 6****Lack of Segregation of Duties**

- We noted CU's Purchasing Assistant II is responsible for receiving items, recording the items in the inventory system; performing the annual audit of inventory and removing items from the inventory system. The lack of segregation of these functions substantially increases the risk that fraud may be committed and not detected by agency controls.

**Auditor's Recommendation**

We recommend CU segregate the receiving function, recording/adjustment of inventory function and the audit of inventory function to comply with West Virginia Code. Also, we recommend the CU Purchasing Assistant II's Position Information Questionnaire (PIQ) be updated to ensure segregation of duties of inventory functions. If it is not possible for CU to segregate the inventory duties, then a supervisory review should be performed by an employee separate from the inventory function and be documented.

**University's Response**

*Concord University concurs with this finding.*

*See pages 28 and 29.*

**Finding 7****Lack of Internal Controls on Inventory Items Not Located**

- During the audit of inventory, we noted WVUIT retired six items from the inventory system, with a total acquisition cost of \$60,434.35, that were not located during the 2007 physical inventory. However, according to WVUIT personnel, no attempt was made by WVUIT's administration to determine the reasons for the equipment not being located and the items were not reported to Campus Safety as being lost or stolen. We further noted WVUIT personnel did not have an internal control in place to ensure items not located during the audit of the annual physical inventory were properly investigated by management and, if necessary, reported to Campus Safety.

**Auditor's Recommendation**

We recommend WVUIT comply with West Virginia Code, as well as, their own internal policies by ensuring that instances of missing equipment are fully investigated and that WVUIT employees are aware of the procedures to be followed when an item of equipment is determined to be lost or stolen.

**University's Response**

*WVUIT concurs with the audit recommendations as stated in the report and intends to make the necessary changes as recommended.*

*See pages 30 and 31.*

**SPECIAL REPORT ON INVENTORY OF  
CONCORD UNIVERSITY  
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WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY**

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**INTRODUCTION**

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**POST AUDIT AUTHORITY**

This is the report on the post audit on inventory of Concord University for the period of July 1, 2008 through June 30, 2009; Fairmont State University for the period of July 1, 2007 through June 30, 2008; and West Virginia University Institute of Technology for the period of July 1, 2007 through June 30, 2008. The audit was conducted pursuant to Chapter 4, Article 2 of the West Virginia Code, which requires the Legislative Auditor to “make 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, to ascertain facts and to make recommendations to the Legislature concerning post audit findings, the revenues and expenditures of the state and of the organization and functions of the state and its spending units.”

**BACKGROUND**

**Concord University**

Concord University is located in Athens, West Virginia, which is a part of Mercer County in the southern part of the state. It is a nationally accredited coeducational institution founded in 1872 and originally named Concord State Normal School. The name was changed to Concord State Teachers College in 1931 and to Concord College in 1943. Since 2004, its name is Concord University.

Enrollment for the 2008 Fall Semester was 2,837 students. There are 279 full-time faculty and professional staff. Concord University is a 123-acre campus. There are five residence halls and a residential apartment building located on the campus. In addition to Concord University’s 25 buildings, current construction includes University Point, incorporating an alumni center, museum and Appalachian and faith studies component. Also, Concord University offers classes at the Erma Byrd Higher Education Center in Beaver, WV, and maintains an office in that location.

Degrees offered include Bachelor of Science, Bachelor of Arts, Bachelor of Social Work, Master of Education, Regents Bachelor of Arts and Associate of Arts.

Majors offered include Accounting, Advertising & Graphic Design, Athletic Training, Biology, Business Administration, Computer Science, Pre-law, Management, Pre-med, Psychology, Recreation & Tourism Management, Social Work, Sociology and Teacher Education.

## **Fairmont State University**

Fairmont State University is a comprehensive, multi-site, public, coeducational institution. Founded in 1865 as a private school, Fairmont State University became a state institution in 1867 as a normal school. In 1931, the name was changed to Fairmont State Teachers College and in 1943 to Fairmont State College. In 1974 a community college component was implemented which earned independent accreditation in 2003. The Legislature changed the name of the institution to Fairmont State University in 2004. In 2006, the community and technical college (renamed Pierpont Community & Technical College) became a division of the University.

FSU, with an enrollment of approximately 7,700, offers a quality education in a diverse and supportive learning environment that fosters individual growth, professional and career development, lifelong learning, global understanding and a commitment to excellence in academic and community pursuits. Serving the citizenry of north-central West Virginia and beyond, Fairmont State University is a student-centered institution of first choice among students who desire a flexible and relevant learning experience. The University provides a well-rounded education, enabling students to gain the knowledge and skills needed for self-fulfilling, responsible citizenship and employability in a rapidly changing global environment. Additional information on academic programs is available at [www.fairmontstate.edu](http://www.fairmontstate.edu).

Pierpont Community and Technical College of FSU has an enrollment of approximately 3,300 students and offers 50 associate degrees, certificate degrees and skill-set certificates. Pierpont C&TC serves a thirteen county region of West Virginia, including Barbour, Braxton, Calhoun, Doddridge, Gilmer, Harrison, Lewis, Marion, Monongalia, Preston, Randolph, Taylor and Upshur counties.

## **West Virginia University Institute of Technology**

West Virginia University Institute of Technology was established by the State Legislature in 1895 as Montgomery Preparatory School, a branch of West Virginia University (WVU). With the development of local district high schools, it was assigned a vocational education role beginning in 1917 and its name was changed to West Virginia Trade School. In 1921, in reaction to changing community needs, it became a junior college named New River State School, with the primary function of training teachers for regional elementary schools. As a result of its growth to a baccalaureate degree granting institution, it became New River State College in 1931. By 1941, in response to the demands for personnel from the industries and businesses, the institution added technical and business programs. Recognizing this new role, the State Legislature renamed the college West Virginia Institute of Technology. In 1952, the college began offering bachelor degrees in engineering. This marked the first instance in which a West Virginia four-year college had developed a specialized role in providing educational services to its constituencies. In response to regional needs, Tech established the community college program in 1966. A master of engineering program was added in 1978.

By an act of the Legislature on July 1, 1996 the college became a regional campus of West Virginia University and was renamed West Virginia University Institute of Technology (WVUIT).

WVUIT is WVU's southern-most regional campus. Since programs offered by WVUIT are primarily career oriented, the institution acknowledges the primacy of instruction but it also encourages faculty to research in their respective fields, as a valuable component to good instruction. Within the realm of public service, WVUIT also stresses the importance of continuing education to serve the needs of the people of the region, including those in industrial business and educational communities. WVU-

Morgantown and WVUIT, along with the other regional campuses, are working together to use technology to expand offerings available to students in the southern part of the state.

Baccalaureate degrees are offered in engineering, the sciences, computer science, business areas, social services, nursing, humanities, and engineering technologies. Associate degrees are offered in engineering and industrial technologies, health, business, and general studies. The college also offers a Regents degree program for non-traditional students as well as extension and continuing education. One graduate degree, the master's of engineering, is offered. WVUIT maintains a cooperative education program for students majoring in degree programs and remedial education for those admitted to the college but not eligible for entrance into degree programs. The institution also offers a limited number of certificate programs in business and technology.

During the audit period, WVU Tech had 1,450 students enrolled during the fall 2007 semester and 1,006 students enrolled during the spring 2008 semester. The college is located in Montgomery, West Virginia.

An organization chart or listing of personnel of the Universities is on the following page.

**SPECIAL REPORT ON INVENTORY OF  
CONCORD UNIVERSITY  
FAIRMONT STATE UNIVERSITY  
WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY**

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**STAFF**

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**Concord University - June 30, 2009**

Dr. Gregory Aloia..... President  
James Cannon ..... Vice President for Business and Finance (July 2008 – April 2009)  
Dr. Charles “Chuck” Becker..... Interim Vice President for Business and Finance (April 2009 – Present)  
Elizabeth “E.J.” Cahill ..... Financial Reporting Officer/Controller  
John Ferguson ..... Chief Procurement Officer (July 2008 – April 2009)  
Gary Hylton ..... Interim Purchasing Agent (April 2009 – Present)  
Jeff Shumaker..... Director, Physical Plant  
Loran Morgan..... Purchasing Assistant II  
Elizabeth “Libby” Webb .....Financial Reporting Manager  
Erin Clark ..... Program Assistant II  
Gary Hylton ..... Payroll Accountant (July 2008 – April 2009)  
Andrea Webb ..... Interim Payroll Accountant (April 2009 – Present)

**Fairmont State University – June 30, 2008**

Dr. Thomas L. Krepel..... President  
Enrico Porto ..... Vice President Admin & Fiscal Affairs, Business Office  
Carolyn S. Fletcher ..... Director of Accounting, Business Office  
Patricia A. Murray-Fidura..... Accountant, Business Office  
Lenora W. Montgomery..... Facilities Business Officer, Physical Plant Administration  
David A. Tamm..... Vice President/Chief Information Officer, Networks  
Kelly L. Pryor..... Director of Solutions Center, Solutions Center

**West Virginia University Institute of Technology – June 30, 2008**

Scott Hurst, Ph.D..... Campus Provost  
Michael Knight ..... Director of Purchasing

**SPECIAL REPORT ON INVENTORY OF  
CONCORD UNIVERSITY  
FAIRMONT STATE UNIVERSITY  
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**REPORT SCOPE**

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We have audited the inventory of Concord University for the period July 1, 2008 through June 30, 2009; Fairmont State University for the period of July 1, 2007 through June 30, 2008; and West Virginia University Institute of Technology for the period of July 1, 2007 through June 30, 2008. Our audit scope included a review of internal control over inventory and compliance with laws and regulations pertaining to the inventory and retirement of items. The audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

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**OBJECTIVES and METHODOLOGIES**

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The objectives of our special report were to audit the inventory of the University's; to report any misappropriation of assets or noncompliance with West Virginia Code and other relevant rules and regulations, that we find; to ascertain facts; and to make recommendations to the Legislature concerning post audit findings, and functions of the state and its Universities. We were to determine whether there was proper oversight over inventory and whether items were recorded properly in the accounting systems. Additionally, we were to examine the University's transactions, records and internal control, and to evaluate their compliance with applicable State laws, rules and regulations as they pertained to inventory.

In preparation for our testing, we studied legislation, applicable WV Code sections, applicable rules and regulations, and policies of the University that pertained to the inventory of items. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observations of the University's operations, and through inspections of documents and records. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Additionally, we interviewed University personnel to obtain an understanding of the inventory process and the internal controls over their inventory of items.

A nonstatistical sampling approach was used. Our samples of transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Transactions were selected for testing using professional judgment.

This communication is intended solely for the information and use of the Post Audit Subcommittee, the members of the WV Legislature, management of the Universities and others within the University. However, once released by the Post Audit Subcommittee, this report is a matter of public record and its distribution is not limited.

Concord University, Fairmont State University and West Virginia University Institute of Technology's written responses to the significant deficiencies, material weaknesses, reportable compliance and other

matters identified in our audit have not been subjected to the auditing procedures applied in the audit of inventory and, accordingly, we express no opinion on them.

Concord University, Fairmont State University and West Virginia University Institute of Technology's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Post Audit Subcommittee in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

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### **CONCLUSIONS**

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We found instances of improper inventory management during our audit of the University's inventories. Among other items noted, Concord University and Fairmont State University were unable to locate three and 85 items, respectively, with a total acquisition cost of approximately \$5,000.00 and \$165,000.00. Also, we noted improper retirement of items during our audit of the University's inventories. Additionally, Concord University and Fairmont State University did not perform their audit of inventory on an annual basis. The lack of an annual audit on all assets listed on the respective inventory system is an internal control weakness. The aforementioned items increase the risk that theft and/or fraud may occur and go unnoticed by management.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect the University's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report includes findings regarding significant instances of noncompliance with applicable laws, rules or regulations. Other less significant findings were communicated to the Universities that did not warrant inclusion in this report.

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### **EXIT CONFERENCE**

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We discussed this report with the management of Concord University and Fairmont State University on December 18, 2009. All findings and recommendations were reviewed and discussed. West Virginia University Institute of Technology staff was notified of this exit conference but was not present. Concord University, Fairmont State University and West Virginia University Institute of Technology's responses have been included at the end of this report.

**SPECIAL REPORT ON INVENTORY OF  
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FAIRMONT STATE UNIVERSITY  
WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY**

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**SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES IN INTERNAL CONTROL AND REPORTABLE  
COMPLIANCE AND OTHER MATTERS FINDINGS**

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In planning and performing our audit of the inventory of Concord University, Fairmont State University and West Virginia University Institute of Technology, in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and auditing standards generally accepted in the United States of America, we considered the University's internal control over inventory (internal control) as a basis for designing our auditing procedures, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies to be material weaknesses in findings 1, 2, and 6.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies to be significant deficiencies in finding 4 and 7.

**COMPLIANCE MATTERS**

Chapter 18B of the West Virginia Code generally governs Higher Education. We tested applicable sections of the above code plus other applicable chapters, articles and sections of the West Virginia Code, as well as rules and regulations as they pertain to fiscal matters.

We would like to point out that West Virginia Code and other applicable rules and regulations require Higher Education institutions to inventory items with an acquisition cost of \$5,000.00 or greater. However, Concord University opted to inventory items with an acquisition cost of \$500.00 or greater, including computers, during our audit period.

Our findings are discussed on the following pages of this report.



Fairmont State University						
	Computers/ Accessories*	Vehicles	Office Equipment/ Furniture	Other	%	Amount
Unable to Locate**	70	0	7	8	55%	\$164,734.96
Tag not secure and/or not visible	4	2	3	3	8%	\$144,265.85
Not in Assigned Location	3	1	2	5	7%	\$ 57,053.91
<b>Total</b>					<b>70%</b>	<b>\$366,054.72</b>

\* Accessories include Computer Hardware, Peripherals, Audio, and Video equipment

\*\* Of the 85 items that could not be located we also noted 48 out of 155 or 31% of the items tested with an acquisition cost of \$59,157.06 did not have the location field completed within the Fixed Asset System.

West Virginia University Institute of Technology						
	Computers	Vehicles	Office Equipment/ Furniture	Other	%	Amount
Tag not secure and/or not visible	0	1	1	4*	10.00%	\$59,905.71
<b>Total</b>						<b>\$59,905.71</b>

\*Four of these items also were not listed on the inventory system in non-compliance with WVU's policies.

Criteria:

Procedural Rule Title 133, Series 30 states in part,

"...13.2.1...Such inventory shall be kept current at all times..."

Section 9.3.3 of the WV Higher Education Purchasing Procedures Manual, states in part,

"At a minimum, the inventory procedures and inventory management system developed by the Chief Procurement Officer shall:...

- a. Account for all equipment and furnishings with a value at the time of purchase of \$5,000 or more per unit. An institution may elect to inventory equipment and furnishings with a value of less than \$5,000 per unit;
- b. Establish a procedure to number and tag all equipment and furnishings required to be inventoried;
- c. Identify ....model number and serial number, if applicable;...
- f. Record the location of equipment or furnishings; i.e., the department, or the building and room number;..."

Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual, states in part,

"The Chief Procurement Officer shall perform or provide for an institution-wide audit and inventory of the institution's assets on a

schedule consistent with generally accepted accounting standards and as prescribed by law or regulation, when applicable.”

WVU’s Accounting and Financial Systems Policy #4 (“Capitalization Policy”), states in part,

“For Financial Statement purposes the capitalization requirements are as follows -

1. Movable Equipment having a useful life of one year or more and a total acquisition cost of \$5,000 or more....

#### 5. EQUIPMENT...

##### Capitalized Costs

The cost of equipment includes all expenditures incurred for the equipment and preparing it for its intended use. This includes...one-time charges for freight and handling...”

The West Virginia University Property Management Guide states in part,

##### “Receiving

West Virginia University departments must adequately process all property as soon as they receive it. Upon receipt of new equipment, departments must: ...

- Tag the property with the proper West Virginia University inventory tag....”

Concord University Board of Governors Operational Policy and Procedure Policy No. 12, states in part,

“7.2 University fixed assets within each department may be loaned with the approval of the Department Manager under the following conditions:

- to staff for work related activities.
- to staff for participation in work related training programs.
- to Government funded agencies or organizations for business and/or emergency use.

7.3 Any request for loan of assets not covered in (7.2) above will require executive approval.

7.4 The loan of fixed assets will be permitted only when such assets are not required by the University and will be subject to immediate return if University activities require their use.

7.5 The loan of fixed assets will be recorded on the *Loan Note/Service Removal Form*...which will be approved by the manager or designate....”

Concord University Board of Governors Operational Policy and Procedure Policy No. 12, states in part,

“...3.1 Fixed Assets are capital acquisitions with a useful life of more than one year and a dollar value exceeding \$5,000. Fixed Assets with a value of \$5,000 or more will be depreciated and tagged. In addition, computers and computer related equipment with a value of \$500 to \$4,999, and all other equipment with a value of \$1,000 and \$4,999, will be tagged for identification but not included in the list of capitalized assets....”

Cause:

Both CU and FSU personnel told us the items we could not locate were transferred to another location without the proper documentation being submitted to the employee responsible for maintaining the inventory system. CU further stated items may have been disposed of without the proper documentation being submitted to the Purchasing Assistant II. Also, CU conducts a partial audit of inventory annually on a three-year rotational basis. Additionally, FSU's Vice President of Administrative and Fiscal Affairs stated physical inventories were not performed during FY 2008 due to the Financial Reporting Manager being diagnosed with an illness. She also stated the location, serial numbers, and the make/model numbers of some equipment was not entered in the system.

CU staff told us items lacked tags because of the value of the assets may decline; because of an oversight; and/or items were purchased on a p-card and the inventory clerk was not notified of the purchase. FSU's Accountant stated the assets were missing tags because they either fell off, were taken off by students, or placed on the asset in a location not visible, such as, on the bottom of the asset. Also, she stated when an invoice has been cancelled for any reason, the system automatically voids the asset from the Fixed Asset System; however, the tag may remain on the asset if noticed by the Accounting Department. WVUIT's Director of Purchasing stated the aforementioned items lacked inventory tags and/or were not placed on the inventory system as a result of oversights on the part of WVU and WVUIT's administrations.

Effect:

The risk of theft and/or fraud is greatly increased. Specifically, during our audit of equipment inventory CU and FSU were unable to locate three and 85 items, respectively, with a total acquisition cost of \$5,486.80 and \$164,734.96, respectively. Also, the lack of inventory tags increases the risk that items may be stolen and go unnoticed by management.

Recommendation:

We recommend CU and FSU strengthen internal controls by performing an institution-wide audit and physical inventory of the institution's assets on an annual basis; updating items in the inventory system, as determined necessary, using the proper documentation; and keeping an accurate inventory record at all times in accordance with Procedural

Title Rule 133, Series 30 states in part, and Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual. Also, FSU should record the assigned location, model number, and serial number for all assets in the inventory system in accordance with Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual. In addition, we recommend CU and FSU affix asset tags to all assets meeting the requirements detailed in Procedural Rule Title 133, Series 30 and Board of Governor's Policies and ensure the tags are placed in a visible location. Additionally, WVUIT should affix asset tags to all assets with an acquisition cost of \$5,000.00 or greater and record such items on the respective institution's inventory system in accordance with the West Virginia University's Accounting and Financial Systems Capitalization Policy and the West Virginia University Property Management Guide.

**Finding 2**

**Improper Retirement**

Condition:

During the audit of inventory, we noted items taken off of CU and FSU’s inventory system during the respective audit period were not supported by proper retirement forms. These instances are detailed in the table below.

Higher Education Institution	Items Retired from Inventory System Without Proper Supporting Documentation				Retired Items Tested	%
	Computers/Accessories*	Other	Amount			
CU	5**	3	\$51,004.49		10	80%
FSU	13	0	\$14,767.48		15	87%
<b>Total</b>			<u>\$65,771.97</u>			

*\* Accessories include Computer Hardware, Peripherals, Audio, and Video equipment*

*\*\*We noted one of these items (uniprocessor server) with an acquisition cost of \$42,246.00 was still located on CU’s campus. Agency personnel stated that this item is non-functional.*

We also noted the aforementioned items that CU retired from the inventory system without proper supporting documentation were coded in the inventory system as “junked”. The Purchasing Assistant II told us items determined to be junk are placed in the dumpster located at the Physical Plant. During our audit period, 796 items with a total acquisition cost of \$677,892.72, and an acquisition date ranging from March 1952 through December 2008, were retired from CU’s inventory system and coded as “junked”. The Financial Reporting Officer/Controller told us this was because of mercury spills and an attempt to retire older assets that were no longer used.

Additionally, we noted CU’s Purchasing Assistant II does not document her approval of the disposition method for items that are retired.

Criteria:

Chapter 18B, Article 5, Section 7, as amended, of the West Virginia Code states in part,

“(a)... The Commission, the Council and each governing board shall adopt rules governing and controlling the disposition of all such equipment, supplies and materials...”

Procedural Rule Title 133, Series 30 states in part,

“...13.2.1...Such inventory shall be kept current at all times....”

Section 10.3.1 of the WV Higher Education Purchasing Procedures Manual, states in part,

“All inventories of surplus equipment, supplies, and materials sold shall be kept as public record open to public inspection for a period of two (2) years.”

Cause: CU’s Purchasing Assistant II told us it is the responsibility of the department requesting the retirement to submit the proper retirement documentation to her. She also stated that she physically observes the items and verbally approves the method of disposition; however, she does not document her approval.

The FSU Accountant responsible for retiring fixed assets and the Facilities Business informed us that it is the responsibility of the Information Technology Department to retain all computer retirement/surplus documentation. However, the Information Technology Specialist stated he was unable to locate documentation to support the retirement of the aforementioned 13 of 15 items selected for testing.

Effect: We were unable to determine if CU and FSU equipment with an acquisition cost of \$51,004.49 and \$14,767.48, respectively, was properly retired due to lack of documentation to support the retirement of items. Without observing the retirement documentation and viewing signature approval of the disposition method for items, we cannot assure ourselves that the person responsible for the inventory disposal physically viewed the item, determined the best disposal method and disposed of the item themselves. As a result, the risk of fraud and/or theft is increased that the item could be used for personal gain.

Recommendation: We recommend CU and FSU comply with Chapter 18B, Article 5, Section 7, as amended, of the West Virginia Code; Procedural Rule Title 133, Series 30; and Section 10.3.1 of the WV Higher Education Purchasing Procedures Manual by completing and maintaining all retirement documentation for retired/surplus fixed assets. Also, we recommend CU’s Purchasing Assistant II document her approval of the disposition method on the retirement documentation. Additionally, we recommend the WVHEPC consider developing a centralized disposition form similar to the West Virginia State Agency for Surplus Property (WVSASP) “Surplus Property Retirement form” (See Attachment A) detailing at a minimum: the recommended disposition method; inventory tag number; inventory description; physical condition of items; and authorized signatures.

### Finding 3

### Computers Not Being Entered Into Inventory System

Condition:

We noted FSU and WVUIT<sup>1</sup> do not track computers (including laptops) in the respective institution's inventory system maintained by the Chief Procurement Officer or designee.

Rather, tracking of the institution's computers is left up to the discretion of FSU's computer department and WVUIT's individual departments. There is no written policy which instructs employees of these departments on how to account for computers. Additionally, WVUIT cannot provide the value of the computers currently owned by their institution.

Both currently and during our audit period, the West Virginia Higher Education Policy Commission (WVHEPC) and WVU's policies only require items having a value of \$5,000.00 or more to be included in the inventory system maintained by the institutions. FSU and WVUIT's computers are not included in the respective inventory system since, generally, the value of computers fall below the \$5,000.00 threshold. Without the inclusion of the computers in the inventory system, management has no effective way of monitoring computers.

Computers, both desktop and laptop, by nature, are especially susceptible to the risk of theft due to their portability and relatively high value. Although the risk of theft can never be eliminated, an internal control policy which allows management to monitor computers could reduce the risk of theft. By including computers in the inventory system, management would easily be able to identify the type, location, value, etc. of the computers and the employee to whom each computer is assigned. Additionally, inclusion in the inventory system would ensure that computers would be included in the periodic inventory count. Inclusion would also increase the likelihood that computers would be selected for testing in both internal and external audits. Also, employees who are aware that a computer in their possession could be reviewed periodically would less likely attempt the misappropriation of that computer. Currently, management has no way of independently verifying that all computers are on site. Management would not be aware of the theft of a computer unless the theft is somehow reported.

Criteria:

The State of West Virginia Purchasing Division's Inventory Management Training Manual which states, in part:

**"3.6.1 Exceptions: It is mandatory the following commodities are entered in WVFIMS Fixed Asset system: ...**

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<sup>1</sup> WVUIT, being a regional campus of WVU, is subject to the policies and procedures of WVU.

3.6.1.2 **All computers** (including laptops and central processing units [CPU]) **with an acquisition cost of \$500 or more.**” (Emphasis Added)

West Virginia Higher Education Purchasing Procedures Manual states in part,

“...9.3.3 At a minimum, the inventory procedures and inventory management system developed by the Chief Procurement Officer shall:

a. Account for all equipment and furnishings with a value at the time of purchase of \$5,000 or more per unit. **An institution may elect to inventory equipment and furnishings with a value of less than \$5,000 per unit; ...**” (Emphasis Added)

The West Virginia University Board of Governors Policy 42, Section 2 states, in part:

**“2.1 The President of West Virginia University or his/her designee is authorized and directed to adopt, amend, modify, repeal, and/or substitute procedures regarding procurement and purchasing activities** at West Virginia University, all in accordance with applicable federal and state law.

**2.2 The procedures referenced in Section 2.1 above may include adaptation of some or all of the State of West Virginia’s procurement and purchasing policies** to the particular conditions and circumstances at West Virginia University.” (Emphasis Added)

Cause:

Though the State of West Virginia Purchasing Division’s Inventory Management Training Manual states that all computers with an acquisition cost of \$500 or more were to be entered in the WVFIMS Fixed Asset System, West Virginia institutions of Higher Education are exempt from Purchasing Division rules and regulations and therefore not required to track their computers. However, Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual gives FSU the authority to inventory items less than \$5,000 and the WVU Board of Governor’s Policy No. 42, Section 2 gives WVUIT the authority to adapt the State of West Virginia’s procurement and purchasing policies.

According to WVU’s Director of Financial Services, WVU has not considered adopting a policy similar to the State of West Virginia Purchasing Division’s policies which requires computers with a value of \$500.00 or greater to be entered into an inventory system.

Effect:

By not entering computers with a value of \$500.00 or greater in the inventory system, computers would not be included in the audit of the

respective institution's annual inventory. This, in turn, increases the risk that computers may be misappropriated due to theft and/or fraud and it may not be detected by management.

Recommendation:

We recommend FSU, WVU and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all computers with a value of \$500.00 or greater to be included in the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include computers in their respective inventory system.

**Finding 4**

**Internal Controls over Physical Inventory**

Condition:

CU Board of Governors Policy No. 12 only requires the buildings to be inventoried on a rotational basis so long as all properties are inventoried within a three year period. Also, FSU did not perform an annual audit of the physical inventory for fiscal year 2008. The lack of an annual audit on all assets listed on the respective inventory system is an internal control weakness that may result in a material misstatement of the University’s financial statements. For example, items may be missing due to theft and/or fraud and not detected by management in a timely manner.

As of October 6, 2009, CU’s inventory system detailed 4,835 items with a total acquisition cost of \$7,643,372.16<sup>2</sup>. As of June 30, 2008, FSU’s Fixed Asset System detailed 1,785 items with a total acquisition cost of \$8,131,043.61<sup>3</sup>.

Also, we noted the West Virginia Higher Education Purchasing Procedures Manual does not state the same requirements as the WVHEPC Procedural Rule Title 133, Series 30 in regards to the timing of the audit of the physical inventory. Further, CU’s Board of Governors Policy No. 12 does not comply with Procedural Rule Title 133, Series 30.

Criteria:

Chapter 18B, Section 5, Article 4(e) of the West Virginia Code, states in part,

“...The governing boards shall adopt sufficient accounting and auditing procedures and promulgate and adopt appropriate rules subject to the provisions of section six, article one of this chapter to govern and control acquisitions, purchases, leases and other instruments for grounds, buildings, office or other space, and capital improvements, including equipment, or lease-purchase agreements...”

CU’s Board of Governors Policy No. 12, states in part,

15.1 The Inventory Control Clerk will be responsible for conducting a physical inventory of fixed assets as recorded in the accounting records of the University. Any discrepancies within the records should be reported to the Controller. **The buildings may be inventoried on a rotational basis so long as all properties are inventoried within a three year period.** Attestation shall be made using exhibit D, *Inventory Management Certification Cover Sheet...*” **(Emphasis Added)**

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<sup>2</sup> Acquisition cost excludes the acquisition cost of Land, Land Improvements, Buildings, Building Improvements, Building Equipment and Infrastructure.

<sup>3</sup> Acquisition cost excludes the acquisition cost of Land, Land Improvements, Buildings, Building Improvements, Building Equipment, Infrastructure, and Software Licenses

Procedural Rule Title 133, Series 30 states in part,

“...13.2.1 The chief procurement officer shall inventory all equipment and furnishings that have a value at the time of purchase or acquisition of \$5,000 or more per unit. Such inventory shall be kept current at all times. An institution may elect to inventory equipment and furnishings with a value less than \$5,000 per unit.

...13.2.3 The chief procurement officer **shall conduct an annual audit of the institutions’s inventory....” (Emphasis Added).**

Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual, states in part,

“The Chief Procurement Officer shall perform or provide for an institution-wide audit and inventory of the institution's assets on a schedule consistent with generally accepted accounting standards and as prescribed by law or regulation, when applicable.”

Cause: CU’s Purchasing Assistant II told us she was following the Board of Governor’s Policy.

FSU’s Vice President of Administrative and Fiscal Affairs stated physical inventories were not being performed annually due to the Financial Reporting Manager being diagnosed with an illness.

Effect: Items may be missing due to theft and/or fraud and go unnoticed by management.

Recommendation: We recommend CU and FSU strengthen internal controls by performing an institution-wide physical inventory of the institution's assets on an annual basis and updating the inventory records as necessary. Further, we recommend the University’s and WVHEPC update Board of Governor’s Policy 12; Procedural Rule Title 133, Series 30; and Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual in order to bring all rules and regulations into agreement.

**Finding 5**

**Firearms Not Being Entered Into Inventory System**

Condition:

We noted that FSU and WVUIT’s firearms are not tracked in the respective institution’s inventory system maintained by the Chief Procurement Officer or designee.

Rather, the respective institution’s Director of Campus Safety is responsible for the safekeeping, recordkeeping and distribution of the firearms to the Campus Safety officers. FSU’s Director of Campus Safety keeps a list of the firearm’s serial number and, if applicable, the name of the officer assigned the firearm. WVUIT’s Director of Campus Safety keeps (1) a sign out sheet for the firearms that is signed and dated by the officer when the firearm is taken into possession; and (2) a list that details the make, model, and serial number of all firearms that are secured in the Campus Safety Office. The following table details the firearms on the lists maintained by the Directors of Campus Safety.

<u>Higher Education Institution</u>	<u>Number of Firearms</u>	<u>Description</u>	<u>Acquisition Cost</u>
FSU	20	(8) Glock 23 .40 caliber revolvers and (12) student training firearms	\$ 8,355.90
WVUIT	16	(8) .357 revolvers* and (8) glock pistols	\$ 2,856.00*
Total			\$ 5,768.00

\*The .357 revolvers were purchased in approximately 1985; therefore, the acquisition cost is unknown and is not reflected in this table. As a result of being replaced with the glock pistols in FY 2006, the .357 revolvers are currently being used as training weapons.

Additionally, there are two weapons held in the WVUIT Campus Safety Office that were confiscated in January 2007 and September 2008. The Director stated that he contacted the county prosecutor to destroy the firearms, but has not yet gotten a response.

Criteria:

The State of West Virginia Purchasing Division’s Inventory Management Training Manual states, in part:

**“3.6.1 Exceptions: It is mandatory the following commodities are entered in WVFIMS Fixed Asset system:**

**3.6.1.1 Firearms regardless of the cost.** Please make sure all serial numbers are entered correctly.” **(Emphasis Added)**

West Virginia Higher Education Purchasing Procedures Manual states in part,

“...9.3.3 At a minimum, the inventory procedures and inventory management system developed by the Chief Procurement Officer shall:

a. Account for all equipment and furnishings with a value at the time of purchase of \$5,000 or more per unit. **An institution may elect to inventory equipment and furnishings with a value of less than \$5,000 per unit; ...” (Emphasis Added).**

The West Virginia University Board of Governors Policy 42, Section 2 states, in part:

**“2.1 The President of West Virginia University or his/her designee is authorized and directed to adopt, amend, modify, repeal, and/or substitute procedures regarding procurement and purchasing activities at West Virginia University, all in accordance with applicable federal and state law.**

**2.2 The procedures referenced in Section 2.1 above may include adaptation of some or all of the State of West Virginia’s procurement and purchasing policies to the particular conditions and circumstances at West Virginia University.” (Emphasis Added)**

Cause:

Though the State of West Virginia Purchasing Division’s Inventory Management Training Manual states that all firearms are to be entered in the WVFIMS Fixed Asset System, regardless of cost, West Virginia institutions of Higher Education are exempt from Purchasing Division rules and regulations and therefore not required to track their firearms. However, Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual gives FSU the authority to inventory items less than \$5,000 and the WVU Board of Governor’s Policy No. 42, Section 2 gives WVUIT the authority to adopt the State of West Virginia’s procurement and purchasing policies.

In addition, according to WVU’s Director of Financial Services, WVU has not considered adopting the State of West Virginia Purchasing Division’s policies. The Director stated WVU’s Department of Public Safety inventories and tracks firearms, so there is no need to keep two inventories—one maintained by WVU’s Division of Public Safety and one in the inventory system. However, WVU’s Director of Public Safety informed us that his department maintains a paper inventory of the guns they have on hand; however, their inventory does not include the weapons from WVUIT or any of the other regional campuses. WVUIT’s Department of Public Safety also maintains a paper inventory of their firearms.

FSU’s Accountant responsible for the inventory system stated she was not aware of a purchase order on file for the firearms and did not know the reason why they were not entered into the inventory system.

Effect:

Because of their portable nature and relatively high value, the firearms are especially susceptible to theft. Additionally, because the Director of Campus Safety manages the firearms' records and distribution, there is an opportunity for undetected misappropriation. The risk of theft or fraud is further increased because the firearms are not recorded in the inventory system of the respective institution and, therefore, would not be included in the audit of the institution's annual inventory. Thus, theft or fraudulent activity may go unnoticed by management.

Recommendation:

We recommend FSU and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all firearms are to be logged into the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include firearms in their respective inventory system.

**Finding 6**

**Lack of Segregation of Duties**

Condition: During our substantive testing of inventory at CU we noted the Purchasing Assistant II is responsible for receiving items, recording the items in the inventory system; performing the annual audit of inventory and removing items from the inventory system. The lack of segregation of these functions substantially increases the risk that fraud may be committed and not detected by agency controls. Fraud could be perpetrated by the employee noting that the item was not located during the annual audit of inventory, removing the item from the inventory system and keeping the item for personal use.

Criterion: Chapter 5A, Article 8, Section 9 of the West Virginia Code states in part, "The head of each agency shall:  
  
...(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency **designed to furnish information to protect the legal and financial rights** of the state and of persons directly affected by the agency's activities...." (**Emphasis Added**)

Cause: The Purchasing Assistant II told us these functions are her job duties noted in her Position Information Questionnaire (PIQ). The Controller/Financial Reporting Officer told us that she does not have adequate staff to segregate the aforementioned duties. Also, the Controller/Financial Reporting Officer stated that the department ordering the items would make her aware of items not received. She further told us that she reconciles the purchases detailed in the institution's internal accounting system (Banner system) to the items recorded in the inventory system. However, we believe this function itself is not enough to reduce the risk that fraud may be committed and not detected by agency controls.

Effect: The lack of segregation of the aforementioned duties substantially increases the risk fraud could be committed and not detected by agency controls.

Recommendation: We recommend CU segregate the receiving function, recording/adjustment of inventory function and the audit of inventory function to comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code. We believe significantly large institutions, such as CU, should have adequate staffing to make such segregation of duties achievable. Also, we recommend the Purchasing Assistant II's PIQ be updated to ensure segregation of inventory duties. If it is not possible for CU to segregate the inventory duties, then a supervisory review

should be performed by an employee separate from the inventory function and be documented. For example, (in addition to the reconciliation of purchases detailed in the Banner system to items recorded on the inventory system that agency personnel already perform), a random sample of items recorded in the inventory system could be taken a few times per year and traced to their physical location.

**Finding 7**

**Lack of Internal Controls on Inventory Items Not Located**

Condition:

During the audit of inventory, we noted WVUIT retired six items from the inventory system, with a total acquisition cost of \$60,434.35, that were not located during the 2007 physical inventory. These items included a distance unit VTEL; copy duplicator; switch module fast enet; LCD projector; router and a notebook computer. However, according to WVUIT personnel, no attempt was made by WVUIT's administration to determine the reasons for the equipment not being located. According to WVUIT personnel, the missing items were also not reported to Campus Safety as being lost or stolen.

We further noted WVUIT personnel do not have an internal control in place to ensure items not located during the annual physical inventory audit are properly investigated by management and, if necessary, reported to Campus Safety. Without such an internal control in place, we believe WVUIT's ability to properly safeguard agency assets is greatly reduced.

Criteria:

West Virginia Code Chapter 18B, Article 5, Chapter 9, as amended, states, in part,

“(a) The governing boards of Marshall University and West Virginia University each shall ensure the fiscal integrity of its operations using best business and management practices.

(1) The practices include at least the following:

(A) Complying with Generally Accepted Accounting Principles of the Governmental Accounting Standards Board (GAAP); **and the Generally Accepted Government Auditing Standards of the Government Accountability Office (GAGAS);**

(B) Operating without material weakness in internal controls as defined by GAAP, GAGAS and, where applicable, the Office of Management and Budget (OMB) Circular A-133;...” **(Emphasis Added)**

Chapter 7.15 of the Generally Accepted Government Auditing Standards of the Government Accountability Office (GAGAS), states, in part,

“c. Internal Control: Internal control, sometimes referred to as management control, in the broadest sense includes the plan, policies, methods, and procedures adopted by management to meet its missions, goals, and objectives...**Internal controls serves as a defense in safeguarding assets** and in preventing and detecting errors; fraud; violations of laws, regulation, and provisions of contracts and grant agreements; or abuse....” **(Emphasis Added)**

WVU Property Management Guide states, in part,

“Each employee of West Virginia University has a general obligation to safeguard...property owned by or accountable to the University. This includes property either assigned for individual use, or as part of a common area. This obligation includes but is not limited to:

- **Notifying/Updating Property Management of the acquisition, movement, or disposal of property, ...**
- Exercising reasonable security measures to prevent theft or misuse,
- **Reporting lost, stolen, damaged or other wise [sic] impaired property to appropriate parties, including but not limited to a direct supervisor or common area manager.” (Emphasis Added)**

Additionally, the Disposition of Property section of the WVU Property Management Guide states, in part:

***“Stolen/Not Recovered and Lost or Missing***

Any record of lost or stolen equipment will be maintained for a maximum of two years. ... **The department missing the Assets must call the Department of Public Safety detailing the loss and subsequently complete an Equipment Transaction form to modify asset disposition.** A copy of the police report referencing the WVU tag number should be sent to Property Management.” **(Emphasis Added)**

Cause:	According to the WVUIT Director of Purchasing, he was not informed of the missing equipment prior to performing the spring 2007 inventory. He indicated that it was possible that employees moved the equipment without providing notification to WVU Asset Management or himself so that the item’s location could be updated in the MAP inventory system.
Effect:	WVUIT’s failure to investigate equipment which was determined to be missing inhibits WVUIT’s ability to properly safeguard agency assets. Further, this may have resulted in the loss of an opportunity to recover the missing items. If any of the missing items were in fact stolen, then the perpetrator might be encouraged to misappropriate additional items because of the lack of detection.
Recommendation:	We recommend WVUIT comply with Chapter 18B, Article 5, Chapter 9, as amended, of the West Virginia Code, as well as, their own internal policies by ensuring that instances of missing equipment are fully investigated and that WVUIT employees are aware of the procedures to be followed when an item of equipment is determined to be missing or stolen.

Attachment A  
Surplus Property Retirement Form

**SURPLUS PROPERTY RETIREMENT FORM**

(For use when retiring equipment with an acquisition cost of \$1,000 or less and not on the WVFIMS Fixed Assets System)

Date \_\_\_\_\_

Department Name \_\_\_\_\_

Department Address \_\_\_\_\_

Division Name and Address \_\_\_\_\_

Specific Location of Equipment \_\_\_\_\_

Agency Inventory Coordinator \_\_\_\_\_

Telephone # ( ) \_\_\_\_\_ FAX # ( ) \_\_\_\_\_

Retirement Number \_\_\_\_\_  
(To Be Assigned by the Agency)

Submit Completed Form to:  
Purchasing Division  
Administrative Services Section  
Surplus Property Unit  
2700 Charles Avenue  
Dunbar, WV 25064

**Recommended Disposition Method**  
(CHECK ONLY ONE)

Agency Will Deliver to Property (1)  
 Request Pickup by Surplus Property (2)  
 Request Sale on Site (3)  
 Sell for Scrap Value (4)  
 Dispose as Waste (5)  
 [Use one disposition method per form]

INFORMATION ON THIS FORM MUST BE TYPED OR CLEARLY PRINTED WHEN SUBMITTED TO THE SURPLUS PROPERTY UNIT, PURCHASING DIVISION

Inventory Tag #	No. of Units	Description	Original Acq Cost	Acquisition Date		PO Number	PO Date	Serial Number	Physical Condition, Age, and Estimate Cost of Repairs
				Model	Make				

**The items listed on this form are not part of my agency's WVFIMS Fixed Asset Inventory**

Agency Authorized Signature \_\_\_\_\_ Title \_\_\_\_\_

I do hereby certify that I have this day witnessed disposal of equipment listed above in the manner approved

Agency Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

This retirement document has been completed by the Surplus Property Unit.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Distribution:  
 Agency send original and one (1) copy to the Surplus Property Unit.  
 Agency retain copy for their files.

Recommended Disposition Method  
 Approved  
 Disapproved  
 If Disapproved, Preferred Disposition Method is No. \_\_\_\_\_ (see above)

Manager of Surplus Property Unit \_\_\_\_\_ Date \_\_\_\_\_



Attachment B  
Concord University Responses



Stacy L. Sneed  
CA, CICA, Director  
Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd., E.  
Charleston, WV 25305-0610

Re: Response to Legislative Audit

Dear Ms. Sneed:

Please include our responses shown below in the final post audit special report on inventory for Concord University for the period of July 1, 2008 through June 30, 2009.

1. Finding 1: Improper Inventory Management:

*Concord University concurs with the findings and has taken the necessary steps to ensure and monitor proper compliance with laws, regulations and University policies. See attachments A & B.*

2. Finding 2: Improper Retirement:

*Concord University concurs with the findings and has taken the necessary steps to ensure and monitor proper compliance with laws, regulations and University policies. See attachments A & B.*

3. Finding 3: Computers Not Being Entered into Inventory System:

*Not applicable to Concord University.*

4. Finding 4: Annual Physical Inventory Not Properly Performed:

*Concord University concurs with the findings and is in the process of developing procedures to ensure and monitor proper compliance with laws, regulations and University policies.*

5. Finding 5: Firearms Not Being Entered Into Inventory System:

*Not applicable to Concord University.*

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1-800-344-6679 • 1-304-384-3115 • Fax: 1-304-384-9044  
info@concord.edu • www.concord.edu  
PO Box 1000 • Athens, WV 24712-1000

Stacy Sneed  
December 18, 2009  
Page 2

6. Finding 6: Lack of Segregation of Duties:

*Concord University concurs with the findings and is in the process of developing procedures to ensure and monitor proper compliance with laws, regulations and University policies.*

7. Finding 7: Lack of Internal Controls on Inventory Items Not Located:

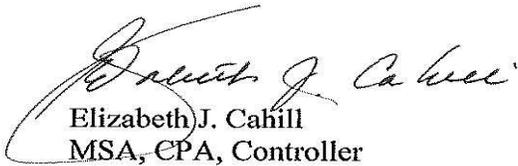
*Not applicable to Concord University.*

Please contact me should you require further information.

Sincerely,



Dr. Charles Becker  
Vice President for Finance & Facilities



Elizabeth J. Cahill  
MSA, CPA, Controller

## MEMO

To: The Concord University Cabinet  
From: E.J. Cahill, Controller  
Date: December 16, 2009  
Re: Finding of Legislative Auditor's

The first report prepared by the Legislative Auditor's will be issued within the next month. In the report, Concord University was found to be out-of-compliance with certain procedures required by the "Concord University Fixed Asset Policy and West Virginia Higher Education Purchasing Procedures Manual" as they related to assets that have been retired, moved to a new location, loaned to persons not employed by the University or removed from the campus for personal use.

In an effort to insure compliance with the requirements related to these conditions, a copy of the Concord University Fixed Asset Policy has been attached for your use. Also included are the forms that are to be submitted to Loran Morgan, Purchasing Assistant II, located in the plant when faculty or staff retire, junk, relocate, loan or use University assets off-campus.

Please review these forms and notify your staff of the importance of compliance with the paperwork requirements related to fixed assets.

Should you have questions, please contact me at 384-6003 or [lcahill@concord.edu](mailto:lcahill@concord.edu).

Thank you for your assistance.

**CONCORD UNIVERSITY  
INVENTORY CONTROL  
Request for Approval to move University-Owned  
Furniture and/or Equipment from One Location to Another**

Approval is requested hereby to move the following item (s) of furniture and/or equipment:

From: Bldg. \_\_\_\_\_ Dept. \_\_\_\_\_ Room # \_\_\_\_\_

To: Bldg. \_\_\_\_\_ Dept. \_\_\_\_\_ Room # \_\_\_\_\_

Purpose for the move of equipment:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

	<u>Item</u>	<u>Quantity</u>	<u>Inventory Tag No.</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

Signature \_\_\_\_\_ Date: \_\_\_\_\_  
(Approval of Department Chairperson/Supervisor)

Signature \_\_\_\_\_ Date: \_\_\_\_\_  
(Physical Plant Employee or Inventory Control Clerk)

CC: Controller

**CONCORD UNIVERSITY  
LOAN NOTE/SERVICE REMOVAL FORM**

ISSUING DEPT: \_\_\_\_\_

AUTHORIZED BY: \_\_\_\_\_

DATE ISSUED: \_\_\_\_\_ RETURNED: \_\_\_\_\_

**BY RECEIVING THIS EQUIPMENT I ACCEPT RESPONSIBILITY FOR ITS SAFE RETURN  
TO THE UNIVERSITY:**

PRINT NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE RETURNED: \_\_\_\_\_

RECEIVED BY: \_\_\_\_\_

- Copies: (1) Attached to item  
(2) Inventory Control Clerk  
(3) Controller

**ADDED PROPERTY FORM – STATE OF WEST VIRGINIA  
STATE INVENTORY CONTROL**

State Spending Unit: Concord University  
State Spending Address: P.O. Box 1000  
Athens, WV 24712-1000

Added Equipment: _____
Sequence No. _____
Building: _____
Department: _____

P.O. #: \_\_\_\_\_ F/Y: \_\_\_\_\_ P. O. Date: \_\_\_\_\_ Receive Date: \_\_\_\_\_

(FOR ADDED EQUIPMENT, INDICATE TRANSMITTAL SHEET NUMBER IN SPACE PROVIDED)

No. of Units	Item Description and Type	Serial #	Value Equipment	Class Equipment	Tag #

**"I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE, THE ITEMS LISTED ABOVE HAVE BEEN INSPECTED AND ACCEPTED AND THEY CONFORM TO THE PURCHASE ORDER AND/OR CONTRACT REQUIREMENTS."**

Signed: \_\_\_\_\_ Date \_\_\_\_\_  
**Inventory Control Clerk**

cc: Controller

To: [REDACTED], Purchasing Assistant II  
From: E.J. Cahill, Controller  
Date: December 16, 2009  
RE: Legislative Audit of Inventory Procedures

Loran,

As a follow-up to our conversation of last week, and in an effort to avoid further problems related to the proper procedures to be used when documenting fixed asset acquisitions, tagging and surplus items, I think it is necessary to reinforce to you the importance of compliance with internal controls related to the fixed asset inventory.

You have been provided a copy "Concord University Fixed Asset Policy" as displayed on the CU website. This policy was designed to provide the internal controls necessary to properly protect the fixed assets of the University. The policy contains the proper forms to be used when changes of location or estimated useful life of assets occur. They are provided for use by faculty, staff and particularly you in your position as inventory control clerk. I have enclosed updated forms to use for now.

The report issued by the Legislative Auditor's contained seven findings related to the three institutions included in the report. Concord University was found noncompliant with policy in four of the seven findings. The findings in the report included 1) improper inventory management; 2) improper retirement; 3) NA; 4) annual physical inventory not properly performed; 5) NA; 6) lack of segregation of responsibilities and 7) NA.

I have protested the inclusion of CU in item 4. We do not inventory all buildings each year, but are approved by our financial auditors to conduct our inventory on a cyclical basis and it this method is included in our fixed asset policy. I have also protested the inclusion of CU in item 6 since I have counter measures in place to reduce the risk associated with the lack proper segregation of duties caused by an insufficient number of staff in the Business Office.

The remaining two findings cannot be protested since Concord University has a specific set of policies and procedures related to the fixed asset inventory that were not being followed. The legislative auditor's tested 80 items and found that 10 of the items, or 12.50%, did not meet the requirements of our policy. It is imperative that you review the policy and related forms so that you are familiar with all requirements contained therein. If there are issues contained in the policy that you do not understand or disagree with, please let me know.

Most importantly, the internal controls require that **all transactions, exchanges, or surplus must be properly documented and signed by the appropriate responsible parties.** In addition, no assets should be included in inventory based on information contained in the purchase order and, all retired assets must have the proper form attached executed by the party with the control of the asset and verified by your signature. If the item is considered surplus, it must be properly disposed of before removing the asset record from the system.

Thank you for providing the forms completed for the assets acquired and retired during the current fiscal year despite the power failure on Campus. Please do not hesitate to call me if you have any questions about this process. There has been a significant amount of work to get us to this point, and all we are doing now is refining the process. Thank you for your help in matter.

ATTACHMENT C  
Fairmont State University Responses



*President of Fairmont State University*

*1201 Locust Avenue  
Fairmont, West Virginia 26554  
Phone: (304)367-4151  
Fax: (304)367-4580*

December 11, 2009

Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd. E.  
Charleston, West Virginia 25305-0610

Dear Ms. Sneed,

This letter is in response to your letter dated December 8, 2009 concerning the preliminary draft of findings of the post audit special report on inventory. We have reviewed the report and have prepared the attached responses to be included in the special report for presentation to the Post Audit Subcommittee on Monday, January 11, 2010.

I have asked Mr. Rick Porto, Vice President for Administrative and Fiscal Affairs, to represent Fairmont State University at the formal exit conference scheduled for Friday, December 18, 2009 and again on Monday, January 11, 2010 when the special report is presented to the Post Audit Subcommittee.

If you have any questions or concerns following your review of our responses, please feel free to contact Mr. Rick Porto at 304-367-4689.

Sincerely,

Dr. Thomas L. Krepel

President, Fairmont State University

CC: Chancellor Brian Noland, Ph.D.  
West Virginia Higher Education Policy Commission

**Fairmont State University (FSU)**  
**Inventory Management – Assets**  
**Legislative Audit – Response to Findings**  
**Audit Period: July 1, 2007 – June 30, 2008**

**Finding 1 – Improper Inventory Management:**

**Recommendation:**

We recommend CU and FSU perform an institution-wide audit and physical inventory of the institution's assets on an annual basis; update items in the inventory system, as determined necessary; using the proper documentation; and keep an accurate inventory record at all times in accordance with Legislative Rule 133, Series 30 states in part, and Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual. Also, FSU should record the assigned location, model number, and serial number for all assets in the inventory system in accordance with Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual. In addition, we recommend CU and FSU affix asset tags to all assets meeting the requirements detailed in Legislative Rule Title 133, Series 30 and Board of Governor's Policies and ensure the tags are placed in a visible location.

**Response:**

Fairmont State University will implement an inventory policy in accordance with Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual. This policy will provide for an institutional-wide audit and physical inventory on an annual basis. The Accounting Office and Physical Plant Business Office will be responsible for completion of the annual physical inventory of capitalized equipment for financial reporting purposes. The Office of Information Technology will be responsible for maintaining a revolving inventory of computers and computer related equipment under \$5,000. The University will also keep proper documentation and accurate inventory records at all times. Also, in accordance with Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual FSU will record the assigned location, model number, and serial number for all assets in the Banner Fixed Asset Management System. Also, FSU will continue to affix asset tags to all assets within the fixed asset system with an acquisition cost of \$5,000 or greater. Also, in cases where a tag cannot be attached directly on the asset, the serial number or an alternative identifier will be used to identify the asset.

In fiscal year 2008, the Accounting staff worked with the Director of Information Technology to reconcile the Banner Fixed Asset Inventory Management System computer inventory with the database maintained by the Office of Information Technology. We believe that additional items

previously surplused should have been removed from the Banner System at that time. We will be doing a complete physical inventory of the campus in response to this review. This initial review will allow us to further update the Banner System records by removing any additional computers that were surplused without proper documentation being provided to Accounting to initiate the surplus action. For this initial review, we will be reasonably assured that that the assets have been surplused based on the acquisition date and life-cycle of the asset.

We recognize that proper documentation and required surplus actions have not taken place to remove assets from the Banner Fixed Asset Inventory Management System. We believe that once the initial annual inventory is completed and necessary adjustments are made to the records, the inventory system can be maintained accurately at all times. The current policy to capitalize equipment with cost of \$5,000 or greater will be continued by Fairmont State University.

**Finding 2 – Improper Retirement:**

**Recommendation:**

We recommend CU and FSU comply with Chapter 18B, Article 5, Section 7 of the West Virginia Code; and Legislative Rule Title 133, Series 30; and Section 10.3.1 of the WV Higher Education Purchasing Procedures Manual by completing and maintaining all retirement documentation for retired/surplus fixed assets.

**Response:**

It is the intent of Fairmont State's Management to comply with Section 10.3.1 of the West Virginia Higher Education Purchasing Procedures Manual by completing and maintaining all retirement documentation for retired/surplus fixed assets. In prior years, computers have been surplus as they were replaced on the three year life-cycle as budget was available. In the spring of 2008, Accounting determined from a review of the computers on the fixed asset management system that many of the computers had been replaced and not removed from the fixed asset records. Therefore, information was attained from a meeting with the Director of Information Technology in the spring of 2008 to compare the fixed asset management system records with the database maintained by Information Technology. The Director signed off on the Banner Fixed Asset Management System report that computers prior to a certain date could be removed with assurance that they had been surplus by Information Technology. All except one of the items in the sample were computer items surplus in the month of April 2008 and were part of this one time reconciliation of the Banner Fixed Asset Management System to the Information Technology records. However, Fairmont State's Management fully understands the responsibility to maintain proper records in regard to the retirement of fixed assets including computers. The Office of Information Technology has developed Computer Inventory Processes effective November 2009. The Office of Information Technology has implemented an inventory system to track computer systems and projectors throughout all campuses and locations. This system is focused on a secure centralized MS Access database. This database will provide a complete inventory of all active computer systems and projectors as well as those that have been retired (surplus). Both the Office of Information Technology Computer Inventory Processes for tracking surplus computers and the Banner Fixed Asset Management System surplus items will be supported by proper retirement documentation including authorized signatures in the future.

**Finding 3 – Computers Not Being Entered Into Inventory System:**

**Recommendation:**

We recommend FSU, WVU, and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all computers with a value of \$500.00 or greater are to be included in the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include computers in their respective inventory system.

**Response:**

Fairmont State University is required to follow the West Virginia Higher Education Purchasing Procedures Manual (July 2004). Authority to purchase and acquire materials, supplies, equipment, services and printing, entering into lease and lease-purchase agreements, and to dispose of surplus, obsolete and unusable materials, supplies and equipment is granted to the Council, Commission and Governing Boards in West Virginia code Section 18B-5-4 through Section 18B-5-9. As required by law, the Council and Commission have promulgated a procedural rule, Series 30, Purchasing, and a legislative rule, Series 43, Purchasing Efficiencies, to manage higher education purchasing. The West Virginia Higher Education Purchasing Procedures Manual does not require computers with a value of \$500.00 or greater to be included the Banner Fixed Asset Management System. Fairmont State will not adopt policies and procedures requiring computers with a value of \$500.00 or greater to be included in FSU's Banner Fixed Assets Management System. However, Fairmont State's Administration does recognize the responsibility to ensure that these assets are safeguarded from theft. Therefore, the Office of Information Technology has developed Computer Inventory Processes effective November 2009. The Office of Information Technology has implemented an inventory system to track all computer systems and projectors throughout all campuses and locations. This system is focused on a secure centralized MS Access database. This database will provide a complete inventory of all active computer systems and projectors as well as those that have been retired (surplused). The Administration and Management of the University support this new process of tracking computers because it provides safeguards to the assets without the costs of reporting these as assets on the financial statements along with three years of associated depreciation expense. It also provides for support for the physical inventory of computers to come from the Office of Information Technology who work with and upgrade the computers in their regular course of business.

Please find attached the Fairmont State University Office of Information Technology Computer Inventory Processes document.

**Finding 4 – Annual Physical Inventory Not Properly Performed:**

**Recommendation:**

We recommend CU and FSU perform an institution-wide physical inventory of the institution's assets on an annual basis and update the inventory records as necessary in accordance with Legislative Rule Title 133, Series 30 and the West Virginia Higher Education Purchasing Procedures Manual.

**Response:**

In accordance with Legislative Rule Title 133, Series 30 and the West Virginia Higher Education Purchasing Procedures Manual, Fairmont State University will perform an institution-wide physical inventory on an annual basis and update the inventory records as necessary.

**Finding 5 – Firearms Not Being Entered Into Inventory System:**

**Recommendation:**

We recommend FSU and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all firearms are to be logged into the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include firearms in their respective inventory system.

**Response:**

Fairmont State University is required to follow the West Virginia Higher Education Purchasing Procedures Manual (July 2004). Authority to purchase and acquire materials, supplies, equipment, services and printing, entering into lease and lease-purchase agreements, and to dispose of surplus, obsolete and unusable materials, supplies and equipment is granted to the Council, Commission and Governing Boards in West Virginia code Section 18B-5-4 through Section 18B-5-9. As required by law, the Council and Commission have promulgated a procedural rule, Series 30, Purchasing, and a legislative rule, Series 43, Purchasing Efficiencies, to manage higher education purchasing. The West Virginia Higher Education Purchasing Procedures Manual does not mandate that firearms regardless of cost be included in FSU's Banner Fixed Asset Management System. However, Fairmont State's Administration believes that such practice is in the best interest of the University and will implement a practice to add all firearms regardless of cost to the fixed asset inventory.

The Department of Public Safety is responsible for safeguarding all firearms owned by the University. The Department has written procedures for both the police officer firearms and for the classroom training firearms. Officers are assigned a gun lock box for safekeeping the firearm when they are off duty. The classroom firearms are kept in a locked gun safe in the Department of Public Safety. The only person permitted to check out and sign in the student classroom guns is the instructor. The only person with the key to the gun safe for the classroom guns is the Chief of Police. We believe that these procedures and the gun lock boxes adequately safeguard the firearm assets in addition to them being included in the Banner Inventory System.

Please find attached the Department of Public Safety's Firearms Procedures.

**Fairmont State University  
Office of Information Technology  
Computer Inventory Processes**

**November 2009**

**Prepared by: IT Solution Center  
Kelly Pryor, Director**

## Table of Contents

<b>Introduction</b> .....	<b>4</b>
<b>Computer Inventory</b> .....	<b>5</b>
Purpose .....	5
Process Summary.....	5
<b>Computer and Projector Inventory System</b> .....	<b>7</b>
Procurement Information on New Purchases .....	8
Adding, Editing, and Retiring Forms .....	9
Adding items .....	13
Editing items .....	13
Retiring items.....	14
Deleting items.....	14
Reporting and extracting data .....	15
Logging of all activity.....	16
<b>Inventory Script</b> .....	<b>17</b>
<b>Computer Replacement Policy</b> .....	<b>19</b>
Purpose and Goal.....	19
Faculty and Staff Office Computers .....	19
Open / General Use Computer Labs .....	19
Departmental Labs.....	19
Program Specific Departmental Labs.....	19
<b>Purchasing Procedures for Computer Related Items</b> .....	<b>21</b>
<b>Surplus</b> .....	<b>22</b>
<b>Purchase Authorization Form</b> .....	<b>23</b>
<b>Purchase Justification Form</b> .....	<b>25</b>
<b>Sample Retirement Document</b> .....	<b>26</b>

## Table of Figures

Figure 1: Main Menu .....	7
Figure 2: Procurement Information Form .....	8
Figure 3: Procurement Line Item Entry Subform .....	8
Figure 4: Office Projectors Form .....	9
Figure 5: Office Systems Form .....	10
Figure 6: Lab Projectors Form .....	11
Figure 7: Lab Systems Form .....	12
Figure 8: Batch Processing Form .....	13
Figure 9: Report Menu Form .....	15
Figure 10: Log Viewer Form .....	16
Figure 11: Username verification .....	17
Figure 12: Location Verification .....	17
Figure 13: Tech Verification .....	17
Figure 14: Information Verification .....	18

## **Introduction**

The purpose of this document is to explain the inventory process. This process includes the following:

- inventory database, tracking new purchases, tracking previously purchased items,
- replacement policy,
- purchase process,
- surplus of equipment
- purchase authorization form
- purchase justification form

## Computer Inventory

### Purpose

The Office of the IT Solution Center has implemented an inventory system to track all computer systems and projectors throughout all campuses and locations of Fairmont State University as well as Pierpont Community and Technical College. This system is focused on a secure centralized MS Access database. This database will keep a complete inventory of all active computer systems and projectors as well as those that have been retired (surplused). The database will also determine and report life-cycle status for all items. Currently, access to this database is limited to the full-time staff of the IT Solution Center with certain functionality restricted to specific staff members.

The menus and data entry/view screens in the database are intuitive, fairly straight forward, and have a consistent look and functionality. The screens were designed to minimize both the data entry effort and the possibility of error.

A physical inventory was conducted to populate the database initially. The database will then be maintained by adding new items that have been purchased and by updating information on existing items as information changes.

### Process Summary

**New Purchases:** The following are the stages of the inventory process...

1. A request is made to purchase an item(s) either by a user or by IT itself as part of a replacement plan. An OZ ticket is created detailing the specifics of the item (ie. what, who, why, when, and where).
2. The IT Procurement Agent creates a procurement record in the database (via the Procurement Information interface) at the time of purchase with the information available at the time (ie. date, cost, fund/org breakdown, etc.). This record is based on the OZ Ticket Number. A large purchase order can span several OZ Tickets with each OZ Ticket detailing a specific deployment.
3. The item is delivered to IT. The OZ ticket will then be re-assigned to the appropriate technician.
4. The IT Procurement Agent updates the procurement record with the remaining information now available (ie. delivery date, FIMS number, etc.).
5. The responsible technician(s) then configures and deploys the item. The technician runs the MainInventory script on the computer which collects the serial number, location, and

user information. An email is automatically generated and sent to the Procurement Agent. The agent creates an item record in the database. This record will be based on the item's serial number and will reference the procurement record by the OZ ticket number (conversely, the item(s) can be referenced from the Procurement Information interface).

6. During an item's life-cycle, the information in the record can be edited as information changes (ie. location, user, etc.).
7. At the end of its life-cycle, the item will be flagged as a "Retired" item (its date of retirement noted) and will be disposed of properly. If the user wishes to keep the item active... the item will be flagged as an "Active, yet unsupported" item.

**Existing Equipment:** The following are the stages of the inventory process...

1. A service call is requested by a user and an OZ ticket is created and assigned to the appropriate technician.
2. The responsible technician(s) services the item. The technician runs the MainInventory script on the computer which collects the serial number, location, and user information. An email is automatically generated and sent to the Procurement Agent. The agent creates an item record in the database. This record will be based on the item's serial number and will reference the procurement record by the OZ ticket number (conversely, the item(s) can be referenced from the Procurement Information interface).
3. During an item's life-cycle, the information in the record can be edited as information changes (ie. location, user, etc.).
4. At the end of its life-cycle, the item will be flagged as a "Retired" item (its date of retirement noted) and will be disposed of properly. If the user wishes to keep the item active... the item will be flagged as an "Active, yet unsupported" item.

**Physical Inventory Process:** The following are the stages of the physical inventory process...

1. As existing equipment is serviced, a validated date is entered into the database based on the information collected by the MainInventory script.
2. Every 3 months, the list of equipment that has not been serviced / validated in one year will be generated. Technicians will look for this equipment, validate the location and update the database entry based on this new information.

## Computer and Projector Inventory System

The inventory system is menu driven and allows the users to input data within various tables. The main menu system is illustrated below:

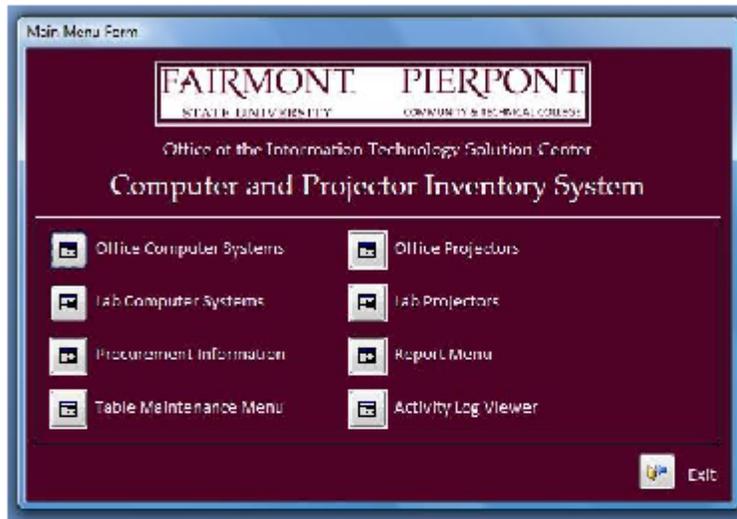


Figure 1: Main Menu

There are several tables of information that are maintained in the database. There are tables for all computer systems (office and lab –based), all projectors (office and lab –based), users, labs, units / sub-units, org / funds, and procurement information. The tables for computer systems, projectors, and procurement information are maintained through appropriately named interfaces off the main menu. Access privileges to add records to or to edit the tables for computer systems and projectors is granted to all users. Access privileges to add records to or to edit procurement information is reserved for the IT Procurement Agent and database administrators. Data in the other tables are maintained from their own interfaces on the table maintenance sub-menu. Access privileges to add records to or to edit these tables is restricted to specific users.

## Procurement Information on New Purchases

There are several procurement forms used to enter purchasing information as outlined in steps 2 and 4 of the process. The information is entered by the IT Procurement Agent at the time of purchase.

Figure 2: Procurement Information Form

Figure 3: Procurement Line Item Entry Subform

## Adding, Editing, and Retiring Forms

The screenshot shows a web-based form titled "Office Projectors Form". The form is organized into several sections:

- Identification Section:** Contains fields for "Serial #:" (with value "N123456"), "CV Ticket #:", and "Inventory Tag #:".
- Status Section:** Contains radio buttons for "Active", "Active, yet unsupported", and "Retired", along with a "Retire Date:" field.
- Cycle Information Section:** Contains fields for "Start Date:", "End Date:", and "Days left in cycle:".
- Hardware Configuration Section:** Contains fields for "Make:" (with value "Sanyo"), "Model:" (with value "PIC0017A"), and "Type:" (with a dropdown menu).
- Unit Information Section:** Contains fields for "Unit:" (with a dropdown menu showing "College of Science and Technology"), "Sub-unit:", "Building:" (with a dropdown menu), and "Room / Area:" (with value "100").
- Notes Section:** A text area containing the note "Future install for Deb. Hamlin in HHH."

At the bottom of the form, there is a navigation bar with buttons for "Add New", "Find", "Undo", "Save", "Close", and "Procurement Info".

Figure 4: Office Projectors Form

Office Systems Form

<b>Identification Section</b> Serial #: <input type="text" value="1009881910"/> OZ Ticket #: <input type="text"/> Machine Name: <input type="text" value="EC101_109888"/> Inventory Tag #: <input type="text" value="1098881"/>		<b>Status Section</b> <input checked="" type="checkbox"/> Active <input type="checkbox"/> Active, yet unsupported <input type="checkbox"/> Retired Retire Date: <input type="text"/>	<b>Cycle Information Section</b> Start Date: <input type="text"/> End Date: <input type="text"/> Days left in cycle: <input type="text"/>
<b>Hardware Configuration Section</b> Make: <input type="text" value="CANYON"/> Model: <input type="text" value="500X"/> Type: <input type="text" value="Laptop"/> Monitor(s): <input type="text"/> Peripherals: <input type="text"/>			
<b>Unit / User Information Section</b>			
Unit: <input type="text" value="Office of Institutional Research"/> Building: <input type="text" value="10"/> Sub-unit #: <input type="text"/> Room / Area: <input type="text"/>			
<input type="checkbox"/> Specific User User ID#: <input type="text"/> Name: <input type="text"/> Title: <input type="text"/> Type: <input type="text"/> Phone #: <input type="text"/> eMail Address: <input type="text"/>			
<input type="checkbox"/> General User <input type="checkbox"/> Student Worker <input type="checkbox"/> Kiosk <input checked="" type="checkbox"/> Specific Use Station Description: <input type="text"/>			
<b>Notes Section</b> Currently not in use. <input type="text"/>		<b>Verification Section</b> Verified on: <input type="text"/>	
<input type="button" value="Add New"/> <input type="button" value="Find"/> <input type="button" value="Find"/> <input type="button" value="Save"/> <input type="button" value="Close"/>		<input type="button" value="Print"/> <input type="button" value="Print"/>	

Figure 5: Office Systems Form

Lab Projectors Form

<b>Identification Section</b> Serial #: AAT2020110 QZ Ticket #: <input type="text"/> Inventory Tag #: <input type="text"/>		<b>Status Section</b> <input checked="" type="checkbox"/> Active <input type="checkbox"/> Active, yet unsupported <input type="checkbox"/> Retired Retire Date: <input type="text"/>		<b>Cycle Information Section</b> Start Date: <input type="text"/> End Date: <input type="text"/> Days left in cycle: <input type="text"/>	
<b>Hardware Configuration Section</b> Make: Infocus    Model: LP-280    Type: LCD					
<b>Lab Information Section</b> Lab Name: JH 203 Lab Units: School of Business & College of Liberal Arts Sub-unit: <input type="text"/> Supervisor: <input type="text"/> Use: Classroom <input type="checkbox"/> Mobile <input checked="" type="checkbox"/> Installed <input type="checkbox"/> Integrated		Building: JH Room / Area: 203			
<b>Notes Section</b> <input type="text"/>					
<input type="button" value="Add New"/>		<input type="button" value="Find"/>		<input type="button" value="Undo"/>	
<input type="button" value="Save"/>		<input type="button" value="Close"/>		<input type="button" value="Procurement Info"/>	

Figure 6: Lab Projectors Form

Lab Systems Form

<b>Identification Section</b> Serial #: 157610 O2 Ticket #: Machine Name: ER480 04 111425 Inventory Tag #: 		<b>Status Section</b> <input checked="" type="checkbox"/> Active <input type="checkbox"/> Active, yet unsupported <input type="checkbox"/> Retired Retire Date: 	<b>Cycle Information Section</b> Start Date: End Date: Days left in cycle: 
<b>Hardware Configuration Section</b> Make: Dell Model: OptiPlex 745 Type: Desktop Monitor(s): All Widescreen Peripherals: 			
<b>Lab Information Section</b> Lab Name: SkyLab Building: LD Unit: Library Services Room / Area: 3rd Floor Sub-unit: Supervisor: Use: SkyLab <input checked="" type="checkbox"/> Student Station <input type="checkbox"/> Instructor Station <input type="checkbox"/> Special Use Station Description: 			
<b>Notes Section</b>  		<b>Verification Section</b> Verified on: 	
<input type="button" value="Add New"/> <input type="button" value="Find"/> <input type="button" value="Undo"/> <input type="button" value="Save"/> <input type="button" value="Close"/>		<input type="button" value="Procurement Info"/>	

Figure 7: Lab Systems Form

## Adding items

There are two methods to add new computer systems or projectors...

### *Adding new individual computer systems or projectors*

Adding new individual computer systems or projectors is accomplished by selecting the appropriate option on the main menu. There are options for entering information about computer systems that are used in faculty or staff office areas, computer systems that are used in labs, projectors that are used by individuals in office areas, and projectors that are used in labs. Each interface has an "Add New" button which will create a new record so information can be entered into each field. Once the information is entered in all the fields (at least the fields that are known at the time) the user can save the record. See figures 4 – 7.

### *Adding new computer systems or projectors via a batch process*

Computer systems or projectors can be entered via batch processing. Only database administrators can perform batch processing. This is accomplished by using the batch processing option off the main menu. Currently, the data must be in either MS Excel spreadsheet or CSV format to be imported. This will be used mainly for large purchases to save data entry time and effort. Another good use for this feature would be entering an entire lab in a single operation.



Figure 8: Batch Processing Form

## Editing items

Once an item has been added, all its information can be edited if need be. The user can simply search on any field (each interface has a "Find" button) for that specific item and then edit the fields desired. This includes adding additional information that was not available at the time the item was initially added. See Figures 4 – 7.

### **Retiring items**

Once an item has outlived its life-cycle, it can be retired (eg. “surplused”) and taken out of service. This process consists of flagging the item as retired and documenting its date of retirement. This is done on the item’s interface screen. The item will then be disposed of properly (all data, if any, destroyed). The database will keep all information pertaining to retired items. Items can also be retired via the batch processing option off the main menu by the database administrators. See Figures 4 – 7.

### **Deleting items**

There is no deleting of items. The interfaces do not permit the deleting of records and no user (except administrators) has access to delete data directly from the tables. If a record contains erroneous data, it will simply be corrected by editing.

## Reporting and extracting data

There are various standard reports that are available from the report menu (ie. report that shows the complete inventory of all items, for items for a specific unit, for the life-cycle status from a specific base date, all retired items, all open purchase orders, etc.). New reports can be created at will if the user has the access to create reports. These reports can be one-time reports or can be added by the database administrators as additional standard reports. For each report the user has the ability to print the report to the default printer, display (or preview) it on the screen, or to extract it to the MS Excel spreadsheet format.

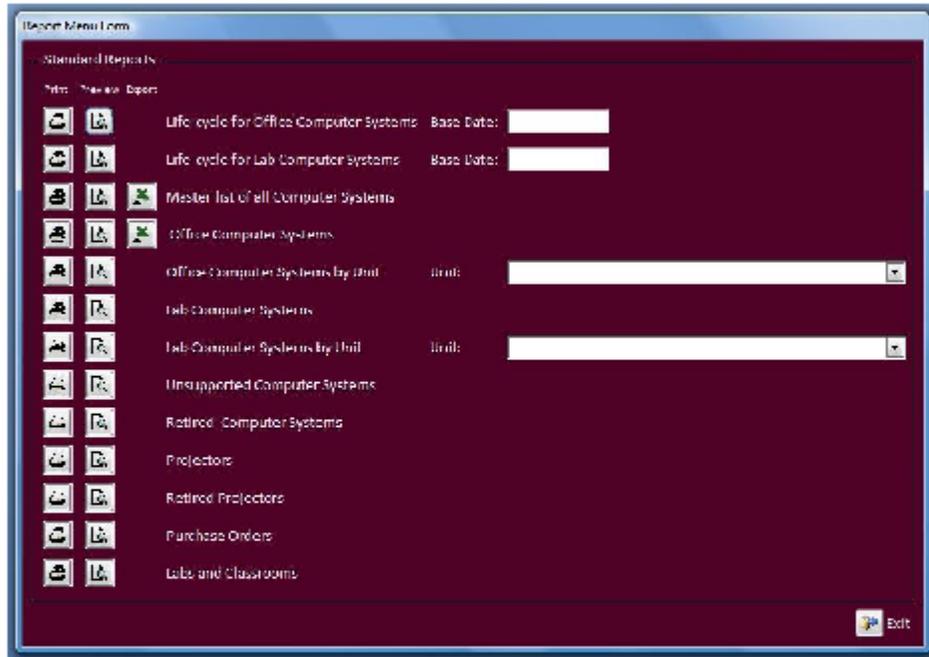


Figure 9: Report Menu Form



## Inventory Script

A script is automatically run on most computers that asks for information on the computer when the computer is serviced by a technician. The script asks for information on the user, location and technician. The script automatically pulls data from the computer to gather computer name, date and time and mac address. The screens generated by this script are below:

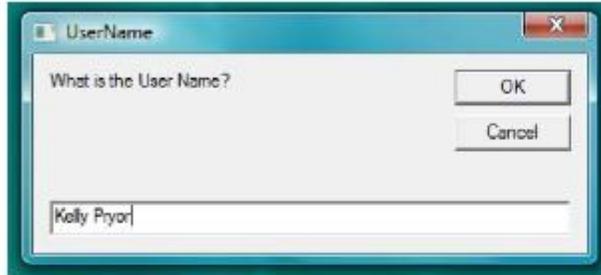


Figure 11: Username verification

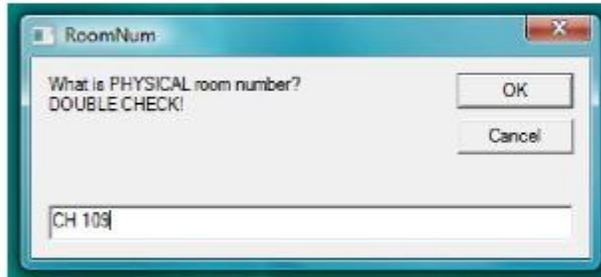


Figure 12: Location Verification

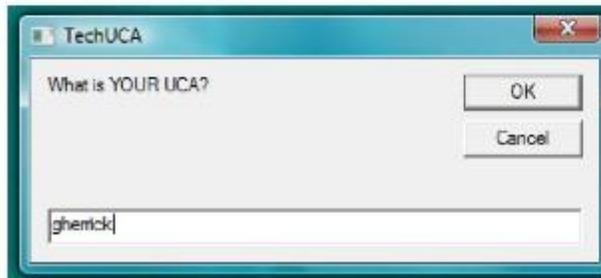


Figure 13: Tech Verification



Figure 14: Information Verification

## **Computer Replacement Policy**

### **Purpose and Goal**

This policy addresses the timing and responsibility for computer replacement on campus. It provides a consistent and fiscally responsible basis for ensuring that computers used by faculty, staff and students keep pace with rapidly changing technology. A maximum useful life of five years will be used for these computer assets to avoid technologic obsolescence.

### **Faculty and Staff Office Computers**

Office computers used by faculty and staff will be replaced and funded in accordance with a schedule determined by the Office of Information Technology (IT). A standard model computer will be used for this replacement. If a faculty or staff member requests a model that is different from the standard model, that individual's department will be charged for the difference in cost. Such arrangements will be approved prior to the purchase of the replacement computer.

### **Open / General Use Computer Labs**

Computers that are available for general use and are located in areas that are open to all students will be replaced and funded in accordance with a schedule determined by the Office of Information Technology. A standard model computer will be used for this replacement.

### **Departmental Labs**

Computers in classroom labs that are specific to a department will be replaced by IT. However, one half of the cost of such replacement computers will be assumed by the department. The split may also include funds from the University and the Community & Technical College if departments from both institutions utilize the labs. Such arrangements will be approved in advance with all parties consenting to the agreement. IT purchase justification and authorization forms will be completed by the responsible department.

### **Program Specific Departmental Labs**

Computers in a lab that serves a small number of users or that is very specific and limited in its use will be the sole responsibility of the department. IT will work with the department to determine costs and replacement cycles; however the burden of funding will rest with the department.

The acquisition of computers for any new lab established by a department will be the responsibility of the department. The future replacement of computers in such newly created labs will be considered when labs are created and may conform to the previously stated specifications.

Exceptions to this policy may be granted by the Office of Information Technology in conjunction with the institution's executive committee.

## Purchasing Procedures for Computer Related Items

Computer related items include all computer hardware, software, projectors, and peripherals. These items must be purchased through the IT Solution Center with IT approval. Departments and individuals may not purchase these items on a PCard.

The purchase of printers is handled on a case by case basis and must go through the IT Solution Center.

1. Provide the detailed specs and a preferred vendor (if known) for the desired purchase to the Solution Center. Email is an option ([help@fairmontstate.edu](mailto:help@fairmontstate.edu)) or by phone (4810). The IT Solution Center will assist the buyer in obtaining a quote for the desired item(s). The IT Solution Center will assign a Request Number to the order so that the purchase can be tracked throughout the ordering process.
2. After a quote has been obtained, the IT Solution Center will provide the quote, a Purchase Authorization Form and a Purchase Justification Form to the buyer. These forms are also available from the online forms repository. Complete all of the required information on the forms. The Purchase Authorization Form must include the **Fund and Organization number** of the budget to which the purchase will be charged. It must also be signed by the **Fund Manager of that budget**.
3. Submit completed Purchase Authorization, Justification Form and the Formal Quote for the desired merchandise to Joyce Rose, 129 CH who will complete the purchasing process. These forms cannot be submitted directly to Joyce Rose or IT unless the steps above are completed.

Purchasing computer systems in bulk creates a cost savings. In some cases, it may be necessary to hold an order until several pieces are ordered to get the best price for the items.

## **Surplus**

The life cycle of a computer is determined by the warranty. In most cases, a 3 year warranty is purchased with the purchase of the equipment. Once the equipment is no longer under warranty and/or the equipment is damaged, the equipment is sent to surplus.

The current process for non-functioning equipment is through a local company, Shermantic. Shermantic will remove the equipment free of charge. Shermantic recycles all old computers, keyboards, mice and monitors. They guarantee secure data deconstruction so none of the data can be recovered.

The Director of the IT Solution Center with the help of technicians prepares and approves the list of items to be surplus. This list constitutes as the retirement document. The items are removed and verified by the technician and the Shermantic employee as indicated by the required signatures on the retirement document. The retirement document is scanned, filed and sent to Patty Fidura and Lenora Montgomery for their records. The items are marked in the database as surplus.

The retirement document is shown on page 26. A sample retirement document is on page 27.

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A request has been made to purchase the items detailed on the attached specification sheets and quotations. The user that made this request has specified that the funds you manage are to be used for this purchase. Your signature is required to authorize this purchase. Along with your signature you must also provide any and all purchasing codes that will apply and fill out the Purchase Justification.

If you grant authorization, please return this form with its attachments to Joyce Rose in the Office of Information Technology so the purchase process can be completed. If you deny this purchase, please return this form to IT Solution Center. If you have any questions concerning this purchase or the information provided, please contact Kelly Pryor at ext. 4229.

<i>Request Information</i>	
User:	Call Ticket #:
Unit:	Request Date:
Phone #:	

<i>Brief Description of Purchase</i>
--------------------------------------

<i>Purchasing Codes</i>
Please specify all codes that apply to this purchase. If you are dividing the cost among multiple funds or organizations, please include percentages or dollar amounts after each code.
Fund(s): _____
Organization(s): _____
Account(s): _____

<i>Authorization</i>
Please check the appropriate box.

I hereby, as manager of the funds being applied, authorize this purchase.

I **DO NOT** authorize this purchase.

\_\_\_\_\_  
Name

Date

**Fairmont State University  
Office of Information Technology**

**PURCHASE JUSTIFICATION – Form 0005-1-IT**

**Please complete the following for all IT Purchases:**

**What are we buying?**

How much it costs (unit & extended) (i.e. is it licensed per desktop, a site license, concurrent users, etc.)

**What is the detailed business purpose of the purchase?**

**What's the business impact/risk potential if we don't buy it (in factual/unemotional terms)?**

**What are the alternatives available, what else have they researched, and what are the relative prices/strengths/tradeoffs of the alternatives?**

## Sample Retirement Document

Information Technology

1201 Locust Avenue  
Fairmont, West Virginia 26554-2470  
Phone: (304) 367-4131  
Fax: (304) 367-4017

Fairmont State University is utilizing Shermantic Computer Service to pick up and recycle retired computer systems and other items. Shermantic has guaranteed that the items will be properly recycled with all data physically destroyed. There is no fee for this service.

The attached list was prepared by the Solution Center employees and approved by the Director of the Solution Center.

\_\_\_\_\_  
Director, IT Solution Center

\_\_\_\_\_  
Date Prepared

Pickup Date:  
Total number of items:  
Location: Main Campus

Signatures:

\_\_\_\_\_  
Shermantic Computer Service

\_\_\_\_\_  
Fairmont State University

Nov-09

Page | 26

Date: 10/15/09  
Pickup from: Main Campus

Tag Number	Serial Number	Description
110510	KCGV5B7	IBM 8189
110507	KCGT8K8	IBM 8189
108276	23AAA72	IBM 6794
N/A	AB12CGD	DELL 740

\* The data above is sample data to show the contents of the retirement document.

FAIRMONT STATE UNIVERSITY  
PROCEDURE

Officer Firearms

- The Officer's firearms are stored in individual locked gun boxes in the office of the Department of Public Safety on the Fairmont State University campus.  
*Officer's are permitted to take their firearm with them when they go to the shooting range. This is the only exception to this procedure.*
- Each officer is assigned one firearm and a gun lock box.
- Each officer has one key to the assigned firearms lock box.
- Bill Bradley, Chief of Police, has a key to all lock boxes for inspection.

FAIRMONT STATE UNIVERSITY  
PROCEDURE

Student Handgun Procedures

- The only person able to check out and sign in student handguns is the firearms instructor in the presence of the Chief of Police.
- J.D. Murphy with the City of Fairmont is the firearms instructor.
- The only time student firearms are used is during firearms instruction class.
- The firearms are signed back in by the instructor and checked by Bill Bradley, Chief of Police, to make certain they are all inventoried.
- Bill Bradley, Chief of Police, is the only person who has a key to the gun safe.

ATTACHMENT D  
West Virginia University Institute of Technology Responses

December 29, 2009

Stacy L. Sneed, COA, CICA, Director  
Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0610

Dear Ms. Sneed,

Thank you for sending me a copy of the December 8, 2009 preliminary draft report of the completed post audit findings on WVUIT's inventory for the period ending June 30, 2008.

Our responses to the specific audit finding are outlined below:

#### **Improper Inventory Management**

Except for item number 4, we agree with the audit comments and the related explanations provided by the Director of Purchasing.

(4) Audit Finding: This vehicle was traced to the equipment inventory list by its vehicle identification number but we were unable to locate the inventory tag.

Our Comment: Inventory tag number T56668 has been found for the van. The van was purchased new at a cost of \$21,393.50 and was assigned an asset tag at the time of purchase. (Attachment 1)

#### **Computers Not Being Entered Into Inventory System**

Audit Comment: WVUIT does not track computers (including laptops) in its inventory system maintained by the Chief Procurement Officer or designee.

Our Comment: WVUIT is a divisional campus of WVU and therefore is subject to the policies and procedures of WVU. The institution is therefore not in violation of WVU policies by excluding computers (including laptops) with a value of less than \$5,000, at the time of purchase, in its inventory system. However, WVUIT is in the process of establishing an in-house policy to include computers with a value of \$500 or greater in its inventory system.

**Firearms Not Being Entered into Inventory System**

Audit Comment: WVUIT does not track firearms in its inventory system.

Our Comment: WVUIT is a divisional campus of WVU and therefore subject to the policies and procedures of WVU. The institution is therefore not in violation of WVU policies by excluding firearms with a value of less than \$5,000, at the time of purchase in its inventory system. However, WVUIT is in the process of establishing an in-house policy to include firearms with a value of \$500 or greater in its inventory system.

**Lack of Internal Controls on Inventory Items Not Located.**

We have located two (2) of the six (6) equipment listed in the report ;i.e., we located the distance unit VTEL and PC Notebook (Attachment 2). We have so far been unable to locate the other four (4) items.

We agree with the audit recommendations as stated in the report and intend to make the necessary changes as recommended.

We appreciate your cooperation in this effort.

Sincerely,



Scott Hurst, Ph.D.  
Campus Provost

Attachments: Attachment 1: Inventory Management  
Attachment 2: Retired Items

Attachment 1

	Tag Number	Item Description	Serial Number	Item Location	Original Cost
1	T56398	DENTAL CHAIR A-DEC W/LIGHT	N/A	Davis Hall	\$8,172.00
2	T56755	Hydraulics Bench	019261-004	110 Engineering Labs	\$6,522.00
3	TTTECH85	Global Positioning System	N/A	218 Davis Hall	\$5,590.00
4	<b>T56668</b>	2003 GMC Savana Van	1GJHG39U3311483 82	Physical Plant (SGA Van )	<b>\$21,393.51</b>
5	None	TIMS PC-Enabled System	08053362	411 Engineering Classrooms	\$13,200.00
6	None	1 Port Enh ATM DS3 Port Adapter	JAE12010ANY	102 Engineering Labs	\$5,028.20

*Explanations:*

- (1) This item was on the equipment inventory list, but was one of 18 dental chairs located in the same room, none of which had inventory tags. Therefore, it was not possible to distinguish the chair selected for this test. The Director of Purchasing stated that these chairs were originally part of a lease-purchase contract. As such, they were not tagged when received because WVUIT did not yet own them. Once the leases had ended and WVUIT retained ownership of the chairs, the Director of Purchasing reported that he had neglected to take the appropriate actions to place the corresponding chairs on the equipment inventory list and affix inventory tags.
- (2) Although this item was on the equipment inventory list, the inventory tag had not yet been affixed. The Director of Purchasing attached the tag in our presence on August 21, 2009.
- (3) While this item was on the equipment inventory list, its tag number indicated that it was initially recorded by WVU Asset Management. There was no inventory tag visible on the item. The Director of Purchasing stated that this was a normal occurrence.
- (4) This vehicle was traced to the equipment inventory list by its vehicle identification number, but we were unable to locate the inventory tag. ...*[The van was purchased new at a cost of \$21,393.51. An Asset Tag number T56668 was assigned to the van at time of purchase]*
- (5) This item was traced from the list of audit period transactions, but did not have an inventory tag; nor had it been added to the equipment inventory list. The Director of Purchasing reported that WVU had recently provided a WVUIT inventory tag for this item and showed us the supporting documentation as proof.
- (6) This item was traced from the list of audit period transactions, but did not have an inventory tag; nor had it been added to the equipment inventory list. The Director of Purchasing stated that the item was not tagged or added to the equipment inventory list because the cost of the item was less than \$5,000.00. However, the final invoice exceeded \$5,000.00 due to the freight cost.

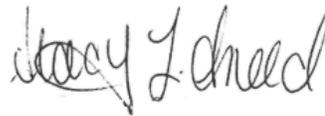
WVUIT RETIRED ITEMS												
Asset	Description	In Service	Manu	Model	Serial	Building Location	Room Location	Cost Retired	Ret Date	Gain/Loss	Comment	
T56424	DISTANCE UNIT VTEL	10-NOV-2000	Galaxy	2500		Charleston		18,556.80	28-Feb-08	-5,103.12	Located	
T52822	COPY DUPLICATOR	28-JUN-1990	AB DICK	51205	90351787	College of B&E	328	9,260.75	28-Feb-08	0.00	Unable to locate	
T56477	SWITCH MODULE FAST ENET	31-MAY-2001		6H302-48	325101130093010F	Eng Lab		8,900.00	28-Feb-08	0.00	Unable to locate	
T55910	LCD PROJECTOR	27-JUN-1997	Sharp	XG-NV1U	702312058	Eng Classrooms		5,995.00	28-Feb-08	0.00	Unable to locate	
T56432	ROUTER	10-NOV-2000	Cisco	2610	JAB043484.3	Charleston		5,180.80	28-Feb-08	0.00	Unable to locate	
T55893	PC NOTEBOOK	28-MAY-1997	Micron	NBK001233-	893062-0001	Orndorff Hall		5,107.00	28-Feb-08	0.00	Located	

**STATE OF WEST VIRGINIA**

**OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:**

I, Stacy L. Sneed, CPA, CICA, Director of the Legislative Post Audit Division, do hereby certify that the report 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 11th day of January 2010.



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Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the West Virginia Higher Education Policy Commission; Concord University; Fairmont State University; West Virginia University Institute of Technology; Governor; Attorney General; and State Auditor.