

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

SPECIAL SERVICES PROGRAM
OFFICE OF EDUCATION
VENDOR NUMBER OO 3825

FOR THE PERIOD
JULY 1, 1972 - JUNE 30, 1975



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

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

Sir:

In compliance with your instructions and the provisions of Article 2, Chapter 4, Code of West Virginia, as amended, Mr. John T. Davis was assigned to audit the Special Services Program at West Virginia Institute of Technology.

This audit covers the period July 1, 1972 through June 30, 1975. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

James R. Blake
James R. Blake, Supervisor
Postaudit Division

JRB:vbf

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

REPORT OF AUDIT
SPECIAL SERVICES PROGRAM
OFFICE OF EDUCATION
OF VENDOR NUMBER OO 3825

FOR THE PERIOD
JULY 1, 1972 - JUNE 30, 1975

LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA

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West Virginia Institute of Technology
Montgomery, West Virginia

Report of Audit
Special Services Program

Office of Education Vendor Number: 00 3825

For the Period July 1, 1972 - June 30, 1975

Part I - Introduction

An audit has been made of the Special Services Program at West Virginia Institute of Technology, Montgomery, West Virginia, for the period July 1, 1972 through June 30, 1975. The objectives of the audit were to determine whether the College had established and followed:

1. Systems of internal control, accounting and reporting, and had exercised proper controls in the operation of and accounting for funds provided for the program.
2. Policies and procedures which provided that Special Services Program funds be expended in accordance with the terms of the applicable acts, Department of Health, Education, and Welfare program guidelines, and grant conditions.
3. A control and evaluation system intended to monitor and evaluate the project to determine if its objectives are met.

The Special Services Program is authorized under Title IV, Section 408, of the Higher Education Act of 1965, as amended. The program was started at West Virginia Institute of Technology on July 1, 1970. The program is administered by Mr. Ralph H. Goolsby, under the supervision of Dr. David P. Ruggles, Coordinator of Trio Programs. The College's chief fiscal officer is Mr. James L. Duncan, Comptroller and Business Manager.

During the period of this audit, July 1, 1972 through June 30, 1975, Federal funds expended under the Special Services Program totaled \$210,889.00. During each of the fiscal years there were from 110 to 187 student participants in the program.

Part II - Financial

Auditor's Opinion on Financial Statements

An examination has been made of the balance sheet of the Special Services Program at West Virginia Institute of Technology as of June 30, 1975, and the related statements of income and expense and fund balance for the period July 1, 1972 through June 30, 1975. The examination was made in accordance with generally accepted auditing standards and the guidelines prescribed by the Department of Health, Education, and Welfare and the Legislative Auditor's Office, State of West Virginia, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In the auditor's opinion the above mentioned financial statements, as adjusted, present fairly the financial position of the Special Services Program at West Virginia Institute of Technology, and the results of its operations for the period July 1, 1972 through June 30, 1975, in conformity with generally accepted accounting principles.

Findings and Recommendations - Financial

Overreporting of Expenditures

Travel costs were overreported by \$40.00 in the Special Services Program fiscal report (OE Form 1227) for fiscal year 1973. (See Exhibit D.)

It is recommended that the College arrange with the Office of Education for adjustment for the overreported travel expenses referred to above.

Part III - Auditor's Conclusions on Internal Accounting and Administrative Controls and Compliance Information

The auditor made a study of those internal accounting and administrative control procedures at West Virginia Institute of Technology, during the period July 1, 1972 through June 30, 1975, which were considered relevant to the administration of the Special Services Program under instructions and guidelines provided by the Department of Health, Education, and Welfare.

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

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

Based on the study made, which included tests of compliance with instructions and guidelines provided by the Department of Health, Education, and Welfare, the auditor believes West Virginia Institute of Technology's procedures were adequate for proper administration of the Special Services Program for the period July 1, 1972 through June 30, 1975.

Findings and Recommendations - Internal Accounting and
Administrative Controls and Compliance

Program Guidelines

It is recommended that formal guidelines be developed for administration and evaluation of the Special Services Program. All the procedural steps necessary in administering the program - from planning and implementing services to students, to evaluating results and reporting to the Office of Education - should be included in these guidelines. A well-defined set of guidelines could (1) contribute to the effectiveness of the program, (2) ensure efficient and economical administration, and (3) facilitate program continuity when changes occur in college personnel.

Restriction

This report is intended for use in connection with the programs and grants to which it refers and should not be used for any other purposes.

Part IV - Exhibits

Included with this report as Exhibits A through D, are the statement of assets, liabilities, and fund balance, and the related statements of income and expense and fund balance for the Special Services Program, for the period July 1, 1972 through June 30, 1975.

SPECIAL SERVICES PROGRAM
BALANCE SHEET
AS OF JUNE 30, 1975

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Assets</u>			
Cash on Hand and in Depository	<u>\$6,445.55</u>	<u>\$6,485.55</u>	<u>(\$40.00)</u>
<u>Liabilities and Fund Balance</u>			
Liabilities	\$ -0-	\$ -0-	
Fund Balance	<u>6,445.55</u>	<u>6,485.55</u>	<u>(\$40.00)</u>
Total Liabilities and Fund Balance	<u>\$6,445.55</u>	<u>\$6,485.55</u>	<u>(\$40.00)</u>

Exhibit A

SPECIAL SERVICES PROGRAM
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE
JULY 1, 1974 - JUNE 30, 1975

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Government	\$67,500.00	\$67,500.00	
Non-Federal Funds (Institutional Outlay)	<u>10,115.00</u>	<u>10,115.00</u>	
Total Income	<u>\$77,615.00</u>	<u>\$77,615.00</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Total Personnel Costs <u>1/</u>	\$68,076.63	\$68,076.63	
Travel	994.77	994.77	
Consumable Supplies	164.30	164.30	
Other Costs	699.65	699.65	
Indirect Costs	<u>4,585.00</u>	<u>4,585.00</u>	
Total Expenses	<u>\$74,520.35</u>	<u>\$74,520.35</u>	<u>\$ -0-</u>
Excess of Income Over Expenses	\$ 3,094.65	\$ 3,094.65	\$ -0-
<u>Fund Balance July 1, 1974</u>	<u>3,350.90</u>	<u>3,390.90</u>	<u>(40.00)</u>
Fund Balance June 30, 1975	<u>\$ 6,445.55</u>	<u>\$ 6,485.55</u>	<u>(\$40.00)</u>

1/ Includes institutional personnel costs of \$10,115.00.

Exhibit B

SPECIAL SERVICES PROGRAM
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE
JULY 1, 1973 - JUNE 30, 1974

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Government	\$65,000.00	\$65,000.00	\$ -0-
<u>Expenses</u>			
Total Personnel Costs	\$56,197.29	\$56,197.29	
Travel	966.02	966.02	
Equipment	72.50	72.50	
Other Costs	499.89	499.89	
Indirect Costs	<u>4,420.00</u>	<u>4,420.00</u>	
Total Expenses	\$62,155.70	\$62,155.70	\$ -0-
Excess of Income Over Expenses	\$ 2,844.30	\$ 2,844.30	\$ -0-
<u>Fund Balance July 1, 1973</u>	<u>506.60</u>	<u>546.60</u>	(40.00)
Fund Balance June 30, 1974	<u>\$ 3,350.90</u>	<u>\$ 3,390.90</u>	(<u>\$40.00</u>)

Exhibit C

SPECIAL SERVICES PROGRAM
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE
JULY 1, 1972 - JUNE 30, 1973

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Government	\$60,000.00	\$60,000.00	
Federal Funds Forwarded from Fiscal Year 1972	<u>14,760.00</u>	<u>14,760.00</u>	_____
Total Income	<u>\$74,760.00</u>	<u>\$74,760.00</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Total Personnel Costs	\$66,777.06	\$66,777.06	
Travel	1,106.67	1,066.67	\$40.00
Consumable Supplies	56.19	56.19	
Other Costs	813.48	813.48	
Indirect Costs	<u>5,500.00</u>	<u>5,500.00</u>	_____
Total Expenses	<u>\$74,253.40</u>	<u>\$74,213.40</u>	<u>\$40.00</u>
Excess of Income Over Expenses	\$ 506.60	\$ 546.60	(\$40.00)
<u>Fund Balance July 1, 1972</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance June 30, 1973	<u>\$ 506.60</u>	<u>\$ 546.60</u>	<u>(\$40.00)</u>

Exhibit D

STATE OF WEST VIRGINIA,

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 9th day of March,
1976.

Encil Bailey
Encil Bailey, Legislative Auditor

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