

**STATE OF WEST VIRGINIA**  
**AUDIT REPORT**  
**OF**

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
MONTGOMERY, WEST VIRGINIA

NATIONAL DIRECT STUDENT LOAN PROGRAM  
COLLEGE WORK-STUDY PROGRAM  
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM  
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

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

FOR THE PERIOD  
JULY 1, 1979 - JUNE 30, 1981



**OFFICE OF LEGISLATIVE AUDITOR**

**CAPITOL BUILDING**

**CHARLESTON, WEST VIRGINIA 25305**

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
MONTGOMERY, WEST VIRGINIA

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

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LEGISLATIVE AUDITOR'S OFFICE  
STATE OF WEST VIRGINIA



## LEGISLATIVE AUDITOR

CHARLESTON

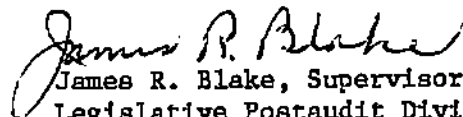
The Honorable Encil Bailey  
Legislative Auditor  
State Capitol - Main Unit  
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, Mr. John T. Davis was assigned to audit the National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants, Basic Educational Opportunity Grant Programs at West Virginia Institute of Technology.

This audit covers the period July 1, 1979 through June 30, 1981. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

  
James R. Blake, Supervisor  
Legislative Postaudit Division

JRB/chw

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West Virginia Institute of Technology  
Montgomery, West Virginia

Report of Audit  
National Direct Student Loan Program  
College Work-Study Program  
Supplemental Educational Opportunity Grants Program  
Basic Educational Opportunity Grant Program

U.S. Department of Education  
Entity Number: 1-55-6000-830-A1

For the Period July 1, 1979 - June 30, 1981

Part I - Introduction

Background

West Virginia Institute of Technology is an institution of higher education, and was last approved on June 21, 1978 by the U.S. Office of Education for participation in the student financial aid programs. Our examination of the National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program and Basic Educational Opportunity Grant Program at West Virginia Institute of Technology, for the two year period ended June 30, 1981, was directed toward the objectives set forth in the audit guides dated June 1980 and June 1981 prepared by the U.S. Department of Education (DE).

National Direct Student Loan Program (NDSLP)

On December 2, 1959 the College established the NDSLP under the National Defense Education Act of 1958, which was transferred in 1972 to Part E of Title IV of the Higher Education Act of 1965. Loans aggregating \$3,153,852.47 have been made to 3,633 students since the program was established at the College. As of June 30, 1981 the principal outstanding on loans in default amounted to 10.37% of matured principal on all loans.

College Work-Study Program (CWSP)

On January 25, 1965 the College started the CWSP pursuant to Title IV, Part C, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1981 up to 403 students participated in the program each year and expenditures for wages for the period aggregated \$489,455.48. The authorization award letters to the College were in the amounts of \$265,000.00 for the academic year 1979-80 and \$208,590.00 for 1980-81.

Supplemental Educational Opportunity Grants Program (SEOGP)

The SEOGP was established at the College on July 1, 1966 under Title IV, Part A, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1981 up to 209 students participated in the program each year and awards aggregated \$180,924.74. The authorization award letters to the College were in amounts of \$75,065.00 for the academic year 1979-80 and \$92,376.00 for 1980-81.

### Basic Educational Opportunity Grant Program (BEOGP)

The BEOGP was started at the College on July 1, 1973 under the Higher Education Act of 1965 (P.L. 89-329), as amended. During the two year period ended June 30, 1981 up to 823 students participated in the program each year and awards aggregated \$1,384,065.67. The authorization award letters to the College were in the amounts of \$687,937.00 for the academic year 1979-80 and \$703,485.00 for 1980-81.

### Administration of Programs

The College officials responsible for overall administration of the programs are the Director of Financial Aid and the Administrative Vice President. The Director of Financial Aid is responsible for application processing and loan approvals, as well as the College's compliance with the various U.S. Department of Education regulations governing the College's participation in federal and state financial aid programs. The Administrative Vice President is responsible for the programs' financial management, general ledger accounting, payments, collections and financial reports.

### Scope of Audit

Our audit of the National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program and Basic Educational Opportunity Grant Program was performed in accordance with the financial and compliance elements of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981) and the audit guides dated June 1980 (NDSLP, CWSP, and SEOGP) and June 1981 (BEOGP) prepared by the U.S. Department of Education (DE). The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if these programs were administered in accordance with applicable laws, regulations, agreements to participate and DE directives which are set forth in the audit guides.

The audit included:

1. Expressing an opinion on the balance sheets, related statements of changes in fund balance and supplementary schedules.
2. Evaluation of the institution's policies, procedures and practices used to administer the programs.
3. Determination of compliance with applicable sections of the acts, related federal regulations and U.S. Department of Education policies and procedures.
4. Evaluation of the institution's system of internal control, accounting and reporting, and the controls maintained in the operation of and accounting for the funds provided for the programs.
5. Reconciliation of the information reported on the appropriate financial statements, with ED Form 646 and ED Form 255-4, for the years audited.

As part of our audit we obtained confirmation from selected students on SEOGP and BEOGP awards, students participating in the CWSP and students' NDSLP loan balances as of June 30, 1981.

## Part II - Highlights of Audit Results

During our audit nothing came to our attention which caused us to believe that West Virginia Institute of Technology had not generally administered its student financial aid programs (NDSLP, CWSP, SEOGP and BEOGP) in accordance with the U.S. Department of Education federal regulations and directives cited in the DE audit guides for the NDSLP, CWSP, SEOGP and BEOGP. However, certain areas of the institution's management of student financial aid programs were in need of attention. More specifically: for NDSLP, (1) payments from some borrowers have not been properly distributed between 3% and 4% loans, (2) there is a weakness in internal control in that the person who maintains the NDSLP accounting records has occasionally deposited payments received from borrowers, and (3) as of June 30, 1981 the subsidiary records of the student loans receivable were \$983.98 greater than the general ledger control accounts; for BEOGP, (1) the fiscal report for fiscal year 1980, submitted to the U.S. Department of Education on October 6, 1981, was incorrect. These matters are discussed more fully under the "Findings and Recommendations" sections of this report. (See pages 4 and 6.) As to our opinion on the financial statements, see below.

## Part III - Financial

### Auditors' Report on Financial Statements

We have examined the balance sheets of the National Direct Student Loan Program (NDSLP), College Work-Study Program (CWSP), Supplemental Educational Opportunity Grants Program (SEOGP) and Basic Educational Opportunity Grant Program (BEOGP) at West Virginia Institute of Technology as of June 30, 1981 and the related statements of changes in fund balances for the two year period then ended. (See Exhibits A through D-1.) Our examination was made in accordance with the financial and compliance elements of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The audit guides dated June 1980 (NDSLP, CWSP and SEOGP) and June 1981 (BEOGP), prepared by the U.S. Department of Education, were used as guides in our examination.

In our opinion the aforementioned financial statements present fairly the financial position of the NDSLP, CWSP, SEOGP and BEOGP of West Virginia Institute of Technology at June 30, 1981 and the changes in fund balances for the two year period then ended, in conformity with generally accepted accounting principles applied on a consistent basis except as indicated under "Note to Financial Statements." (See page 4.)

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned statements as of and for the two year period ended June 30, 1981 taken as a whole, and was not directed toward formulating an opinion on the balance sheets at June 30, 1980, or the statements of changes in fund balances for the individual years ended June 30, 1980 and June 30, 1981. The supplemental data included in Schedules 1 through 13 have been subjected to the auditing procedures applied in the examination of the basic financial statements and in our opinion are stated fairly in all material respects only when considered in conjunction with the financial statements of the NDSLP, CWSP, SEOGP and BEOGP taken as a whole.

Note to Financial Statements  
For the Two Year Period Ended June 30, 1981

1. Summary of Significant Accounting Policies:

The financial statements of the NDSLP, CWSP, SEOGP and BEOGP at the College have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Except as described in the following paragraph, generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the U.S. Department of Education in the Terms of Agreement and in fiscal control and fund accounting procedures.

The prescribed practices for the NDSLP do not provide for accrual of interest on loans receivable or for the establishment of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received, and uncollectible loans are not recognized until the loans are cancelled or written off in conformity with NDSLP requirements. These practices do not conform with generally accepted accounting principles.

Findings and Recommendations - Financial

National Direct Student Loan Program

Distribution of Payments on Loans

Some borrowers having loans at 3 percent and at 4 percent have been permitted to apply the full amount of loan payments to the 4 percent loans.

Section 674.33 of the federal regulations (January 19, 1981) pertaining to the NDSLP, indicates that if a borrower has a loan at 3 percent and a loan at 4 percent, payments received should be divided between the accounts in proportion to the amount of principal advanced under each loan.

We recommend the College apply payments on loans in accordance with the above. The College also make adjustments in borrowers' loans where payments have been incorrectly applied in the past.

Basic Educational Opportunity Grant Program

Incorrect Fiscal Report

The fiscal report (Student Validation Roster) for fiscal year 1980, submitted to the U.S. Department of Education on October 6, 1981, was incorrect. The report indicated that awards totaled \$687,936.51, whereas actual awards totaled \$686,905.96, or \$1,030.55 less. (See Schedule 13.)

After the above report had been submitted, the College became aware of three awards, totaling \$1,030.55, which were not eligible.

On July 7, 1982, subsequent to the date of this audit, College officials submitted a revised and corrected final fiscal report to the U.S. Department of Education.



## Part IV - Internal Accounting and Administrative Controls and Compliance

### Auditors' Conclusions on Internal Accounting and Administrative Controls and Compliance Information

We have examined the financial statements on the NDSLP, CWSP, SEOGP and BEOGP at West Virginia Institute of Technology for the two year period ended June 30, 1981. Our opinion on the above statement is contained on page 3 of this report. As a part of our examination we have made a study of the College's system of internal accounting control to the extent we considered necessary to evaluate the system as required by "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981). Under these standards the purpose of such evaluation is to establish a basis of reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures at West Virginia Institute of Technology that we considered relevant to the criteria established in the audit guides dated June 1980 (NDSLP, CWSP and SEOGP) and June 1981 (BEOGP) prescribed by the U.S. Department of Education. Our study included tests of compliance with such procedures during the period July 1, 1979 through June 30, 1981.

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. We understand that the objective of those administrative control procedures comprehended in the U.S. Department of Education criteria is to provide similar assurance as to compliance with its related requirements. 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 those factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respects to the estimates and judgment 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 procedure may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

We understand that procedures in conformity with the criteria referred to in the second paragraph of this PART are considered by the U.S. Department of Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and our study, we believe West Virginia Institute of Technology's procedures were adequate for the Department's purposes, except the conditions described on pages 4 and 6 which we believe are not in conformity with the criteria referred to above.

Findings and Recommendations - Internal Accounting and  
Administrative Controls and Compliance

National Direct Student Loan Program

Weakness in Internal Control

We found a weakness in internal control in that the person who maintains the NDSLP accounting records has occasionally deposited payments received from borrowers.

For internal control purposes different persons should have responsibility for maintaining the NDSLP accounting records and for handling cash collections on loans.

During this audit, College officials arranged for complete separation of these responsibilities in the future.

Imbalance of Student Loans Receivable

As of June 30, 1979 the subsidiary records of the student loans receivable were \$1,768.91 greater than the general ledger control accounts. Numerous errors were located and corrected subsequent to June 30, 1979, reducing the difference to \$983.98 as of June 30, 1981. (See schedule 1.)

We noted that the subsidiary records are now being reconciled with the control accounts in the general ledger at the end of each month.

We recommend that the College officials continue in their efforts to locate and correct the remaining errors causing the \$983.98 difference as of June 30, 1981.

Part V - Prior Audit Report, For the Period  
July 1, 1977 - June 30, 1979

The prior audit report included four findings, which were discussed in subsequent correspondence between the College and the U.S. Department of Education. The findings have been corrected or cleared except for the following, which is repeated in this audit report:

National Direct Student Loan Program:

Imbalance of Student Loans Receivable. (See above.)

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$ 76,779.72 <sup>1/</sup>
Student Loans Receivable (See Schedule 1)	<u>1,400,672.37</u>
Total Assets	<u>\$1,477,452.09</u>

Liabilities and Fund Balance

<b>Liabilities:</b>	
Accounts Payable	\$ <u>45.00</u>
<b>Fund Balance:</b>	
<b>Capital:</b>	
<b>Federal Contributions:</b>	
Authorized	\$1,557,788.00
Repaid	<u>-0-</u>
Balance	<u>\$1,557,788.00</u> <sup>1/</sup>
<b>Institutional Contributions:</b>	
Authorized	\$ 173,090.16
Repaid	<u>-0-</u>
Balance	<u>\$ 173,090.16</u> <sup>1/</sup>
Capital Fund Balance	\$1,730,878.16
Non-Capital Fund Deficit (See Exhibit A-1)	<u>(253,471.07)</u>
Total Fund Balances	<u>\$1,477,407.09</u>
Total Liabilities and Fund Balances	<u>\$1,477,452.09</u>

Exhibit A

<sup>1/</sup> The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 TWO YEAR PERIOD ENDED JUNE 30, 1981  
 AND THE PERIOD DECEMBER 2, 1959 THROUGH JUNE 30, 1981

	For the Period December 2, 1959 Through 1/ June 30, 1981	Two Year Period Ended June 30, 1981
<u>Non-Capital Fund Balance</u>		
Additions:		
Reimbursement of Loans Cancelled	\$ 17,209.00	\$ 8,869.00
Interest on Loans	<u>224,973.22</u>	<u>36,142.71</u>
Total Additions	<u>\$ 242,182.22</u>	<u>\$ 45,011.71</u>
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	\$ 327,245.68	\$ 35,712.70
Military Service	10,666.83	-0-
Death	17,200.48	1,672.00
Disability	625.00	-0-
Bankruptcy	20,357.11	589.39
Administrative Expenses	95,926.43	17,464.31
Other Collection Costs	<u>23,631.76</u>	<u>1,998.97</u>
Total Deductions	<u>\$ 495,653.29</u>	<u>\$ 57,437.37</u>
Net (Decrease) For the Period	(\$ 253,471.07)	(\$ 12,425.66)
Fund Deficit, Beginning of Period	<u>-0-</u>	<u>(241,045.41)</u>
Non-Capital Fund Deficit, June 30, 1981	<u>(\$ 253,471.07)</u>	<u>(\$ 253,471.07)</u>
<u>Capital Fund Balance</u>		
Federal Contributions	\$1,557,788.00	\$ 50,000.00
Institutional Contributions	<u>173,090.16</u>	<u>5,555.55</u>
Total Contributions	<u>\$1,730,878.16</u>	<u>\$ 55,555.55</u>
Fund Balance, Beginning of Period	<u>-0-</u>	<u>1,675,322.61</u>
Capital Fund Balance, June 30, 1981	<u>\$1,730,878.16</u>	<u>\$1,730,878.16</u>

Exhibit A-1

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
COLLEGE WORK-STUDY PROGRAM  
BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$16,216.66
Accounts Receivable <u>1/</u>	<u>6,780.16</u>
Total Assets	<u>\$22,996.82</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses	\$ 1,590.70
Fund Balance	<u>21,406.12</u>
Total Liabilities and Fund Balance	<u>\$22,996.82</u>

Exhibit B

1/ Due from NDSLP for claimed administrative expenses to be charged to NDSLP.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 COLLEGE WORK-STUDY PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

<b>Additions:</b>	
Total Grant Award Authorization	\$473,590.00
Authorization Transferred to SEOGP	(20,889.85)
Authorization Not Used	<u>(9,256.79)</u>
Net Federal Funds Provided	\$443,443.36
Funds Provided by Institution	<u>105,557.43</u>
 Total Additions	 <u>\$549,000.79</u>
 <b>Deductions:</b>	
Wages:	
On Campus:	
Federal Share	\$357,560.24
Institutional Share	89,390.06
Off Campus:	
Federal Share	34,004.14
Institutional Share	8,501.04
FICA Matching	3,891.57
Administrative Expense	15,227.96
CWSP Funds Not Used for Job Location and Development:	<u>1/</u>
Federal Share	<u>25,611.59</u>
 Total Deductions	 <u>\$534,186.60</u>
 Net Increase For the Period	 \$ 14,814.19
 Fund Balance, Beginning of Period	 <u>6,591.93</u>
 Fund Balance, End of Period	 <u>\$ 21,406.12</u>

Exhibit B-1

1/ The institution provided "in kind" contributions in excess of \$6,402.90 (20% of total costs).

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM  
BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$ -0-
Total Assets	<u>\$ -0-</u>

Liabilities and Fund Balance

Liabilities	\$ -0-
Fund Balance	<u>-0-</u>
Total Liabilities and Fund Balance	<u>\$ -0-</u>

Exhibit C

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

<b>Additions:</b>	
Total Grant Award Authorization	\$167,441.00
Authorization Transferred from CWSP	21,389.85
Authorization Not Used	(10,245.13)
Reimbursed by Institution <u>1/</u>	<u>10,245.13</u>
<b>Total Additions</b>	<b><u>\$188,830.85</u></b>
<b>Deductions:</b>	
Initial Awards	\$105,112.01
Continuing Awards	75,812.73
Administrative Expenses	<u>7,906.11</u>
<b>Total Deductions</b>	<b><u>\$188,830.85</u></b>
Net Increase For the Period	\$ -0-
Fund Balance, Beginning of Period	<u>-0-</u>
Fund Balance, End of Period	<u><u>\$ -0-</u></u>

Exhibit C-1

1/ Award expenditures in excess of federal funds authorized in fiscal year 1976.



WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
BALANCE SHEET AS OF JUNE 30, 1981

<u>Assets</u>	
Cash on Hand and in Depository	\$8,287.26
Accounts Receivable	<u>452.00</u>
Total Assets	<u>\$8,739.26</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts Payable	\$1,576.00
Fund Balance	<u>7,163.26</u>
Total Liabilities and Fund Balance	<u>\$8,739.26</u>

Exhibit D

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

<b>Additions:</b>	
Current Approved Authorization	\$1,391,422.00
Authorization Not Used	(13,408.30)
Prior Years' Recoveries	<u>23,825.50</u>
<b>Total Additions</b>	<b><u>\$1,401,839.20</u></b>
<b>Deductions:</b>	
Net Awards to Students	\$1,384,065.67
Funds Returned to Federal Government	7,861.50
Administrative Expenses	<u>7,710.00</u>
<b>Total Deductions</b>	<b><u>\$1,399,637.17</u></b>
<b>Net Increase For the Period</b>	<b>\$ 2,202.03</b>
<b>Fund Balance, Beginning of Period</b>	<b><u>4,961.23</u></b>
<b>Fund Balance, End of Period</b>	<b><u>\$ 7,163.26</u></b>

Exhibit D-1

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 ANALYSIS OF STUDENT LOANS RECEIVABLE  
 TWO YEAR PERIOD ENDED JUNE 30, 1981  
 AND THE PERIOD DECEMBER 2, 1959 THROUGH JUNE 30, 1981

	For the Period December 2, 1959 Through <u>1/</u> June 30, 1981	Two Year Period Ended June 30, 1981
Balance, Beginning of Period	\$ -0-	\$1,334,624.70
Funds Advanced to Students	<u>3,153,852.47</u>	<u>377,741.58</u>
Total	<u>\$3,153,852.47</u>	<u>\$1,712,366.28</u>
Less Credits:		
Collections	\$1,425,478.24	\$ 277,739.44
Cancellations:		
Teaching Service	282,579.56	31,762.85
Military Service	8,506.92	1,672.00
Death	16,895.73	-0-
Disability	625.00	-0-
Bankruptcy	<u>19,094.65</u>	<u>519.62</u>
Total Credits	<u>\$1,753,180.10</u>	<u>\$ 311,693.91</u>
Balance, June 30, 1981	\$1,400,672.37	<u>\$1,400,672.37</u>
Total of Individual Loan Balance	<u>1,401,656.35</u>	
Difference	<u>(\$ 983.98)</u>	

Schedule 1

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 COMPUTATION OF DEFAULT RATE  
 AS OF JUNE 30, 1981 1/  
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 342,015.00
Deduct: Principal Amount Repaid or Cancelled	<u>68,552.00</u>
Total Remaining Principal Amount Which Has Not Been Paid, Cancelled or Assigned on Notes in Default	<u>\$ 273,463.00</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$3,153,853.00
Deduct: Amount Not in Repayment Status:	
Student Status	\$341,354.00
Grace Period (Armed Forces, Peace Corps, Vista, Hardships)	<u>174,851.00</u>
	<u>516,205.00</u>
Total Amount Not in Repayment Status	<u>\$2,637,648.00</u>
Percentage of Loans in Default (\$273,463.00 ÷ \$2,637,648.00)	<u>10.37%</u>

Schedule 2

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 ANALYSIS OF CASH FLOW  
 TWO YEAR PERIOD ENDED JUNE 30, 1981

Cash Balance, Beginning of Period		\$ 99,697.50
Add:		
Federal Contributions	\$ 50,000.00	
Institutional Contributions	5,555.55	
Reimbursement on Loans - Cancelled	<u>8,869.00</u>	64,424.55
Reprogrammed Funds:		
Collections on Loans	\$277,739.44	
Interest Collected on Loans	<u>32,123.09</u>	<u>309,862.53</u>
Total Cash Available		\$473,984.58
Cash Applied:		
Funds Advanced to Students	\$377,741.58	
Administrative Expenses Paid	17,464.31	
Other Collection Costs	<u>1,998.97</u>	
Total Cash Applied		<u>397,204.86</u>
Cash Balance, End of Period		<u>\$ 76,779.72</u> <sup>1/</sup>

Schedule 3

<sup>1/</sup> The amount reported agrees with the figure reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 SCHEDULE OF ADMINISTRATIVE COST ALLOWANCE  
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981  
 (UNAUDITED)

Total Administrative Cost Allowance (NDSL P, CWSP, SEOGP and BEOGP)	\$ 54,399.56
Deduct Expenditures Related to Student Consumer Information Service:	
Preparation of Information Dissemination Topics	\$ 1,350.00
Dissemination of Information to Students	565.50
Salaries of Employees	<u>9,799.11</u>
Total Expenditures Related to Student Consumer Information Service	<u>11,714.61</u>
Balance of Allowance	\$ 42,684.95
Deduct Expenditures Directly Related to Administering the Federal Student Financial Aid Programs:	
Salaries	\$110,055.92
Supplies	2,489.00
Equipment Use	3,413.00
Communications	<u>575.00</u>
Total Expenditures Directly Related to Administering the Federal Student Financial Aid Programs	<u>116,532.92</u>
Excess Expenditures Over Total Administrative Cost Allowance	<u>(\$ 73,847.97)</u>

Schedule 4

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED JUNE 30, 1980 AND JUNE 30, 1981

<u>Non-Capital Fund Balance</u>	<u>Year Ended June 30, 1980</u>	<u>Year Ended June 30, 1981</u>
<b>Additions:</b>		
Reimbursement on Loans -- Cancelled	\$ 6,604.00	\$ 2,265.00
Interest on Loans	<u>18,998.27</u>	<u>17,144.44</u>
Total Additions	<u>\$ 25,602.27</u>	<u>\$ 19,409.44</u>
<b>Deductions:</b>		
Loan Principal and Interest Cancelled:		
Teaching Service	\$ 25,053.70	\$ 10,659.00
Death	1,672.00	-0-
Bankruptcy	(751.65)	1,341.04
Administrative Expenses	6,545.04	10,919.27
Other Collection Costs	<u>655.82</u>	<u>1,343.15</u>
Total Deductions	<u>\$ 33,174.91</u>	<u>\$ 24,262.46</u>
Net (Decrease) For the Year	(\$ 7,572.64)	(\$ 4,853.02)
Fund Deficit, Beginning of Year	<u>(241,045.41)</u>	<u>(248,618.05)</u>
Fund Deficit, End of Year	<u>(\$248,618.05)</u>	<u>(\$ 253,471.07)</u>

<u>Capital Fund Balance</u>	<u>Federal</u>	<u>Institutional</u>	<u>Total</u>
Fund Balance, Beginning of Period	\$1,507,788.00	\$167,534.61	\$1,675,322.61
Add Contributions:			
July 1, 1979 - June 30, 1980	-0-	-0-	-0-
July 1, 1980 - June 30, 1981	<u>50,000.00</u>	<u>5,555.55</u>	<u>55,555.55</u>
Capital Fund Balance, End of Period <u>1/</u>	<u>\$1,557,788.00</u>	<u>\$173,090.16</u>	<u>\$1,730,878.16</u>

Schedule 5

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 COMPARISON OF FISCAL REPORT (ED FORM 646-1) WITH  
 ACCOUNTING RECORDS AS AUDITED, AS OF JUNE 30, 1981

	<u>Fiscal Report</u> (ED 646-1)	<u>Accounting Records</u> As Audited
<u>Debit Balances</u>		
Cash on Hand and in Depository	\$ 76,779.72	\$ 76,779.72
Funds Advanced to Students	3,153,852.47	3,153,852.47
Administrative Expenses	95,926.43	95,926.43
Other Collection Costs	23,631.76	23,631.76
Loan Principal and Interest Cancelled for Teaching Service (Loans Made Prior to July 1, 1972)	296,640.36	296,640.36
Loan Principal and Interest Cancelled for Teaching Service (Loans Made July 1, 1972 and After)	30,605.32	30,605.32
Loan Principal and Interest Cancelled:		
Military Service	10,666.83	10,666.83
Death	17,200.48	17,200.48
Disability	625.00	625.00
Bankruptcy	<u>20,357.11</u>	<u>20,357.11</u>
Total Debit Balances	<u>\$3,726,285.48</u>	<u>\$3,726,285.48</u>
<u>Credit Balances</u>		
Loan Principal Collected	\$1,425,478.24	\$1,425,478.24
Loan Principal Cancelled for Teaching Service (Loans Made Prior to July 1, 1972)	255,049.13	255,049.13
Loan Principal Cancelled for Teaching Service (Loans Made July 1, 1972 and After)	27,530.43	27,530.43
Loan Principal Cancelled:		
Military Service	8,506.92	8,506.92
Death	16,895.73	16,895.73
Disability	625.00	625.00
Bankruptcy	19,094.65	19,094.65
Federal Capital Contribution	1,557,788.00	1,557,788.00
Institutional Capital Contributions	173,090.16	173,090.16
Interest Income on Loans	224,973.22	224,973.22
Accounts Payable	45.00	45.00
Reimbursement to Fund of Accounts Cancelled on Loans Made July 1, 1972 and After	<u>17,209.00</u>	<u>17,209.00</u>
Total Credit Balances	<u>\$3,726,285.48</u>	<u>\$3,726,285.48</u>

Schedule 6



WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 SCHEDULE OF DISTRIBUTION OF ADMINISTRATIVE EXPENSES CLAIMED  
 (NDSLPL, CWSP, SEOGP, AND BEOGP)  
 FOR FISCAL YEAR 1981

	Administrative Expenses Claimed	Distribution of Charges For Administrative Expenses Claimed:			
		NDSLPL	CWSP	SEOGP	BEOGP
National Direct Student Loan Program	\$10,066.75	\$10,066.75	\$ -0-	\$ -0-	\$ -0-
College Work-Study Program	12,149.55	6,780.16 <sup>1/</sup>	5,369.39	-0-	-0-
Supplemental Educational Opportunity Grants Pro- gram	4,163.30	163.54 <sup>1/</sup>	-0-	3,999.76	-0-
Basic Educational Oppor- tunity Grant Program	<u>7,710.00</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,710.00</u>
Totals	<u>\$34,089.60</u>	<u>\$17,010.45</u>	<u>\$5,369.39</u>	<u>\$3,999.76</u>	<u>\$7,710.00</u>

Schedule 7

<sup>1/</sup> Entered in the Records in Fiscal Year 1982

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1981 1/

	<u>Per ED 646</u>	<u>As Audited</u>
<b>Additions:</b>		
Total Grant Award Authorization	\$208,590.00	\$208,590.00
Authorization Transferred From SEOGP	5,110.15	5,110.15
Additional Federal Funds Provided	49.63	49.63
Total Federal Funds Provided	<u>\$213,749.78</u>	<u>213,749.78</u>
Funds Provided by Institution	<u>56,194.31</u>	<u>56,194.31</u>
 Total Additions	 <u>\$269,944.09</u>	 <u>\$269,944.09</u>
<b>Deductions:</b>		
<b>Wages:</b>		
<b>On Campus:</b>		
Federal Share	\$182,125.27	\$182,125.27
Institutional Share	45,531.32	45,531.32
<b>Off Campus:</b>		
Federal Share	12,267.54	12,267.54
Institutional Share	3,066.89	3,066.89
FICA Matching	1,721.81	1,721.81
Administrative Expenses <u>2/</u>	5,369.39	5,369.39
CWSP Funds Not Used for Job Location and Development:		
Federal Share <u>3/</u>	<u>13,938.74</u>	<u>13,938.74</u>
 Total Deductions	 <u>\$264,020.96</u>	 <u>\$264,020.96</u>
 Net Increase For the Year	 \$ 5,923.13	 \$ 5,923.13
 Fund Balance, Beginning of Year	 <u>15,482.99</u>	 <u>15,482.99</u>
 Fund Balance, End of Year	 <u>\$ 21,406.12</u>	 <u>\$ 21,406.12</u>

Schedule 8

- 1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.
- 2/ Administrative expenses earned amounted to \$12,149.55. The additional \$6,780.16 was charged to NDSLP. (See Schedule 7.)
- 3/ The institution provided "in-kind" contributions in excess of \$3,484.69 (20% of the total costs).

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1980 1/

	<u>Per ED 646</u>	<u>As Audited</u>
<b>Additions:</b>		
Total Grant Award Authorization	\$265,000.00	\$265,000.00
Authorization Transferred to SEOGP	(26,500.00)	(26,500.00)
Authorization Not Used	(8,806.42)	(8,806.42)
Net Federal Funds Provided	<u>\$229,693.58</u>	<u>\$229,693.58</u>
Funds Provided by Institution	<u>49,363.12</u>	<u>49,363.12</u>
 Total Additions	 <u>\$279,056.70</u>	 <u>\$279,056.70</u>
<b>Deductions:</b>		
Wages:		
On Campus:		
Federal Share	\$175,434.97	\$175,434.97
Institutional Share	43,858.74	43,858.74
Off Campus:		
Federal Share	21,736.60	21,736.60
Institutional Share	5,434.15	5,434.15
FICA Matching	2,169.76	2,169.76
Administrative Expenses	9,858.57	9,858.57
CWSP Funds Not Used for Job Location and Development:		
Federal Share <u>2/</u>	<u>11,672.85</u>	<u>11,672.85</u>
 Total Deductions	 <u>\$270,165.64</u>	 <u>\$270,165.64</u>
 Net Increase For the Year	 \$ 8,891.06	 \$ 8,891.06
 Fund Balance, Beginning of Year	 <u>6,591.93</u>	 <u>6,591.93</u>
 Fund Balance, End of Year	 <u>\$ 15,482.99</u>	 <u>\$ 15,482.99</u>

Schedule 9

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

2/ The institution provided "in-kind" contributions in excess of \$2,918.21 (20% of total costs).

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1981 1/

	<u>Per ED 646</u>	<u>As Audited</u>
<b>Additions:</b>		
Total Grant Award Authorization	\$92,376.00	\$92,376.00
Authorization Transferred to CWSP	(5,110.15)	(5,110.15)
Additional Federal Funds Deposited	<u>1,382.76</u>	<u>1,382.76</u>
Total Additions	<u>\$88,648.61</u>	<u>\$88,648.61</u>
<b>Deductions:</b>		
Initial Awards	\$50,785.09	\$50,785.09
Continuing Awards	32,481.00	32,481.00
Administrative Expenses <u>2/</u>	<u>3,999.76</u>	<u>3,999.76</u>
Total Deductions	<u>\$87,265.85</u>	<u>\$87,265.85</u>
Net Increase For the Year	\$ 1,382.76	\$ 1,382.76
Fund Balance, Beginning of Year	<u>(1,382.76)</u>	<u>(1,382.76)</u>
Fund Balance, End of Year	<u>\$ -0-</u>	<u>\$ -0-</u>

Schedule 10

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

2/ Administrative Expenses earned amounted to \$4,163.30. The additional \$163.54 was charged to NDSL.P. (See Schedule 7.)

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1980 1/

	<u>Per ED 646</u>	<u>As Audited</u>
<b>Additions:</b>		
Total Grant Award Authorization	\$ 75,065.00	\$ 75,065.00
Authorization Transferred From CWSP	26,500.00	26,500.00
Authorization Not Used	(11,627.89)	(11,627.89)
Reimbursement by Institution <u>2/</u>	<u>10,245.13</u>	<u>10,245.13</u>
Total Additions	<u>\$100,182.24</u>	<u>\$100,182.24</u>
<b>Deductions:</b>		
Initial Awards	\$ 54,326.92	\$ 54,326.92
Continuing Awards	43,331.73	43,331.73
Administrative Expenses	<u>3,906.35</u>	<u>3,906.35</u>
Total Deductions	<u>\$101,565.00</u>	<u>\$101,565.00</u>
Net (Decrease) For the Year	(\$ 1,382.76)	(\$ 1,382.76)
Fund Balance, Beginning of Year	<u>-0-</u>	<u>-0-</u>
Fund Balance, End of Year	<u>(\$ 1,382.76)</u>	<u>(\$ 1,382.76)</u>

Schedule 11

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646.

2/ Reimbursement for award expenditures in excess of federal funds authorized for fiscal year 1976.

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1981

	<u>Par 255-4</u>	<u>As Audited</u>	<u>Difference</u>
<b>Additions:</b>			
Current Approved Authorization	\$703,485.00	\$703,485.00	\$ -0-
Authorization Not Used	(11,340.61)	(11,340.61)	-0-
Prior Years' Recoveries	<u>23,825.50</u>	<u>23,825.50</u>	<u>-0-</u>
<b>Total Additions</b>	<b><u>\$715,969.89</u></b>	<b><u>\$715,969.89</u></b>	<b><u>\$ -0-</u></b>
<b>Deductions:</b>			
Net Awards to Students	\$697,159.71	\$697,159.71	\$ -0-
Funds Returned to Federal Government	7,861.50	7,861.50	-0-
Administrative Expenses	<u>7,710.00</u>	<u>7,710.00</u>	<u>-0-</u>
<b>Total Deductions</b>	<b><u>\$712,731.21</u></b>	<b><u>\$712,731.21</u></b>	<b><u>\$ -0-</u></b>
<b>Net Increase For The Year</b>	<b>\$ 3,238.68</b>	<b>\$ 3,238.68</b>	<b>\$ -0-</b>
<b>Fund Balance, Beginning of Year</b>	<b><u>2,894.03</u></b>	<b><u>3,924.58</u></b>	<b><u>(1,030.55)</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 6,132.71</u></b>	<b><u>\$ 7,163.26</u></b>	<b><u>(\$ 1,030.55)</u></b>

Schedule 12

WEST VIRGINIA INSTITUTE OF TECHNOLOGY  
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1980

	<u>Per 255-4</u>	<u>As Audited</u>	<u>Difference</u>
<b>Additions:</b>			
Current Approved Authorization	\$687,937.00	\$687,937.00	\$ -0-
Authorization Not Used	<u>(2,067.69)</u>	<u>(2,067.69)</u>	<u>-0-</u>
Total Additions	<u>\$685,869.31</u>	<u>\$685,869.31</u>	<u>\$ -0-</u>
<b>Deductions:</b>			
Net Awards to Students	<u>\$687,936.51</u>	<u>\$686,905.96</u>	<u>\$ 1,030.55</u>
Total Deductions	<u>\$687,936.51</u>	<u>\$686,905.96</u>	<u>\$ 1,030.55</u>
Net (Decrease) For the Year	(\$ 2,067.20)	(\$ 1,036.65)	(\$ 1,030.55)
Fund Balance, Beginning of Year	<u>4,961.23</u>	<u>4,961.23</u>	<u>-0-</u>
Fund Balance, End of Year	<u>\$ 2,894.03</u>	<u>\$ 3,924.58</u>	<u>(\$ 1,030.55)</u>

Schedule 13

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 5<sup>th</sup> day of October, 1982.

*Encil Bailey*

Encil Bailey, Legislative Auditor

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