

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

WEST LIBERTY STATE COLLEGE
WEST LIBERTY, 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: 1-55-6000-822-A1

FOR THE PERIOD
JULY 1, 1980 - JUNE 30, 1982



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

WEST LIBERTY STATE COLLEGE
WEST LIBERTY, WEST VIRGINIA

REPORT OF AUDIT
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LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA



LEGISLATIVE AUDITOR
CHARLESTON

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

Sir:

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

This audit covers the period September 1, 1980 through August 31, 1982. 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/nkk,chw,jta

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West Liberty State College
West Liberty, 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: 1-55-6000-822-A1

For the Period July 1, 1980 - June 30, 1982

Part I - Introduction

Background

West Liberty State College is an institution of higher education and was last approved on September 1, 1981 by the U.S. Department 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 Liberty State College, for the two year period ended June 30, 1982, 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 January 31, 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 \$3,203,754.75 have been made to 4,171 students since the program was established at the College. As of June 30, 1982, the principal outstanding on loans in default amounted to 8.50% of the 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, 1982, up to 242 students participated in the program each year and expenditures for wages for the period aggregated \$294,059.64. The authorization award letters to the College were in the amounts of \$163,898.00 for the academic year 1980-81 and \$125,664.00 for 1981-82.

Supplemental Educational Opportunity Grants Program (SEOGP)

The SEOGP was established at the College on July 1, 1967 under Title IV, Part A, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1982, up to 277 students participated in the program each year and awards aggregated \$463,070.82. The authorization award letters to the College were in the amounts of \$222,826.00 for the academic

year 1980-81 and \$227,089.00 for 1981-82.

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, 1982, up to 764 students participated in the program each year and awards aggregated \$1,189,568.25. The authorization award letters to the College were in the amounts of \$650,965.00 for the academic year 1980-81 and \$612,990.00 for 1981-82.

Administration of the Programs

The College officials responsible for overall administration of the programs are the Dean of Students/Director of Financial Aid and the Business Manager. The Dean of Students/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 Business Manager 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 (NDSLIP, 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 balances 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 operations of and accounting for the funds provided for the programs.
5. Reconciliation of the information reported on the appropriate financial statements, with ED Form 646-1 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' NDSLPL loan balances as of June 30, 1982.

Part II - Highlights of Audit Results

During our audit, nothing came to our attention which caused us to believe that West Liberty State College had not generally administered its student financial aid programs (NDSLPL, CWSP, SEOGP and BEOGP) in accordance with the DE federal regulations and directives cited in the DE audit guides for the NDSLPL, CWSP, SEOGP and BEOGP. However, certain areas of the College's management of the student financial aid programs were in need of attention. More specifically: for all programs (1) procedural guidelines have not been prepared for administering the student financial aid programs; for NDSLPL, (1) there is a weakness in internal control in that the same person receives collections on loans and posts transactions to the NDSLPL individual loan ledger accounts, (2) notes for loans to students in academic year 1981-82, and in the first semester of 1982-83, do not show dates of execution, (3) promissory notes for borrowers still in college have not been kept in a fireproof container, (4) borrowers' individual loan records are inadequate, and (5) as of June 30, 1982, the subsidiary records of the student loans receivable were \$547.93 less than the general ledger control accounts; for BEOGP, (1) expenditures for the fiscal year ended June 30, 1982, as reported to the U.S. Department of Education, were incorrect. These matters are discussed more fully under the "Findings and Recommendations" sections of this report. (See pages 4 through 5 and 6 through 7.) 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 (NDSLPL), College Work-Study Program (CWSP), Supplemental Educational Opportunity Grants Program (SEOGP) and Basic Educational Opportunity Grant Program (BEOGP) at West Liberty State College as of June 30, 1982 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 (NDSLPL, CWSP and SEOGP) and June 1981 (BEOGP), prepared by the U.S. Department of Education, were used as guides in the examination.

In our opinion, the aforementioned financial statements present fairly the financial position of the NDSLPL, CWSP, SEOGP and BEOGP of West Liberty State College at June 30, 1982 and the changes in fund balance 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, 1982 taken as a whole, and was not directed toward formulating an opinion on the balance sheets at June 30, 1981, or the statements of changes in fund balances for the individual years ended June 30, 1981 and June 30, 1982. The supplemental data included in Schedules 1 through 14 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 NDSLSP, CWSP, SEOGP and BEOGP taken as a whole.

Note to Financial Statements
For the Two Year Period Ended June 30, 1982

1. Summary of Significant Accounting Policies:

The financial statements of the NDSLSP, 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 NDSLSP do not provide for accrual of interest on student 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 NDSLSP requirements. These practices do not conform with generally accepted accounting principles.

Findings and Recommendations - Financial

National Direct Student Loan Program

Inadequate Borrowers' Individual Loan Records

Borrowers' individual loan records are maintained by computer and each borrower's account is reflected on microfiche. However, the microfiche shows only the total of advances during the academic year, dates and amounts of principal and interest payment and current loan balance. This does not provide a chronological record of a borrower's account and does not provide adequate information for auditing purposes.

Computer maintained records should reflect all information which would normally appear on a standard loan ledger card. This includes dates and amounts of loan advances, dates and amounts of principal and interest payments and the loan balance after each transaction.

We recommend that the computer program for handling NDSLSP advances and loan payments be revised to provide the information referred to above.

National Direct Student Loan Program

Imbalance of Student Loans Receivable

The College has not been reconciling the subsidiary records of loans with

the control accounts in the general ledger each month. As of June 30, 1982, the subsidiary records of the student loans receivable were \$547.93 less than the general ledger control accounts. (See Schedule I.) An error causing \$181.25 of this difference was located after the audit was completed. As of June 30, 1980, the date of the previous audit, the subsidiary records were \$452.10 less than the general ledger control accounts.

The NDSLP Manual of Policies and Procedures states that the subsidiary records of the student loans receivable should be reconciled monthly with the control accounts. Regular reconcilements are important to avoid errors which affect individual borrowers' obligations to the NDSLP fund as well as the contributions to the fund by the College and the federal government.

We recommend the College commence regular reconcilements of the subsidiary records of student loans receivable with the control accounts. We also recommend the College locate and correct the errors causing the difference between the subsidiary records and the control account as of June 30, 1982. College officials indicated that these recommendations will be followed.

Basic Educational Opportunity Grant Program

Incorrect Fiscal Report

Expenditures for the BEOGP for the fiscal year ended June 30, 1982, as reported to the U.S. Department of Education, were incorrect. The College reported the current approved authorization, \$612,990.00 as the net expenditures for the program through June 30, 1982. Actual net expenditures for awards were \$571,977.79. (See Schedule 13.)

A revised and corrected progress report, as of June 30, 1982, was submitted to the U.S. Department of Education in September 1982, subsequent to the date of this audit.

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 Liberty State College for the two year period ended June 30, 1982. Our opinion on the above statements 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 for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures at West Liberty State College that we considered relevant to the criteria established in the audit guides dated June 1980

(NDSLPL, CWSP and SEOGF) and June 1981 (BEOGF) prescribed by the U.S. Department of Education. Our study included tests of compliance with such procedures during the period July 1, 1980 through June 30, 1982.

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 these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect 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.

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 Liberty State College followed procedures which were adequate for the Department's purposes, except for the conditions described on pages 4 through 5 and 6 through 7, which we believe are not in conformity with the criteria referred to above.

Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

All Federal Student Financial Aid Programs

Procedural Guidelines

We recommend that procedural guidelines be developed for handling all student financial aid programs in which the College participates. All the procedural steps necessary to administer the programs - from publicizing the programs and subsequent handling of financial transactions, to reporting to the U.S. Department of Education - should be included in the guidelines. A well-defined set of guidelines could (1) contribute to the effectiveness of the programs, (2) ensure efficient and economic administration, and (3) facilitate program continuity when changes occur in program personnel.

The financial aid office and the business office began working on guidelines during this audit.

National Direct Student Loan Program

Weakness in Internal Control

We found a weakness in internal control with regard to the receiving and recording of cash collections on loans outstanding. The same person receives collections on loans and posts transactions to the NDSLPL individual loan ledger accounts.

For internal control purposes, different persons should have responsibility for handling cash collections on loans and posting to the accounting records. We recommend that the functions of receiving payments on loans and recording loan transactions be separated.

Execution of Promissory Notes

More than 175 students receiving loans in fiscal year 1982, and 139 receiving loans during the first semester of fiscal year 1983 (subsequent to the date of this audit) did not indicate the date their notes were signed. The note form in use for fiscal years 1982 and 1983 does not provide a space for the borrower to insert the date the note was executed.

The promissory note, which sets forth the conditions under which a loan is made, is the legal document binding the borrower to his repayment obligations. Therefore, every precaution should be taken to ensure that the note is properly executed. Further, federal regulations for the NDSLPL require a borrower's signature and the date at the end of the note.

We recommend that the College use a note form which provides for the date, as well as the borrower's signature, at the end. We also recommend that a reasonable effort be made to have the borrowers insert the dates of execution on the notes referred to in the first paragraph above. College officials indicated that these recommendations will be followed.

Safeguarding of Promissory Notes

Promissory notes for borrowers still in college (in excess of 500) have been kept in an ordinary file cabinet in the business office until the borrower graduates or leaves the College. Otherwise, all promissory notes have been kept in a fireproof safe.

Part 674.19 of the federal regulations for the NDSLPL states, in part:

"An institution must keep promissory notes and student loan ledgers in good order in a locked, fireproof container."

We recommend that arrangements be made to keep all promissory notes in a locked, fireproof container. College officials indicated that all promissory notes will be kept in a fireproof vault in the future.

Part V - Prior Audit Report, for the Period
July 1, 1978 - June 30, 1980

The prior audit report included six 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 are repeated in this audit report:

All Student Financial Aid Programs:

Procedural Guidelines. (See page 6.)

National Direct Student Loan Program:

Imbalance of Student Loans Receivable. (See page 4.)

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 BALANCE SHEET AS OF JUNE 30, 1982 1/

Assets

Cash on Hand and in Depository	\$ 99,937.41
Student Loans Receivable (See Schedule 1)	<u>1,435,484.40</u>
Total Assets	<u>\$1,535,421.81</u>

Liabilities and Fund Balance

Liabilities:	
Accounts Payable (Loan Overpayments)	\$ 39.29
Accrued Administrative Expenses Payable	<u>1,939.63</u>
Total Liabilities	1,978.92
Fund Balance:	
Capital:	
Federal Contributions:	
Authorized	\$1,694,727.00
Repaid	<u>-0-</u>
Balance	1,694,727.00
Institutional Contributions:	
Authorized	192,578.75
Repaid	<u>-0-</u>
Balance	192,578.75
Capital Fund Balance	1,887,305.75
Non-Capital Fund Deficit (See Exhibit A)	<u>(353,862.86)</u>
Total Fund Balances	<u>1,533,442.89</u>
Total Liabilities and Fund Balances	<u>\$1,535,421.81</u>

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

Exhibit A

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 TWO YEAR PERIOD ENDED JUNE 30, 1982
 AND THE PERIOD JANUARY 31, 1959 THROUGH JUNE 30, 1982

<u>Non-Capital Fund Balance</u>	<u>For the Period January 31, 1959 Through ^{1/} June 30, 1982</u>	<u>Two Year Period Ended June 30, 1982</u>
Additions:		
Reimbursement on Loans - Cancelled	\$ 30,086.00	\$ 17,354.00
Interest on Loans	<u>178,369.64</u>	<u>31,971.27</u>
Total Additions	208,455.64	49,325.27
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	416,109.25	22,949.50
Military Service	196.28	196.28
Death	7,689.20	4,737.25
Bankruptcy	28,219.37	21,499.84
Cost of Litigation	50.00	-0-
Administrative Expenses	103,383.62	17,904.63
Other Collection Costs	<u>6,670.78</u>	<u>389.70</u>
Total Deductions	<u>562,318.50</u>	<u>67,677.20</u>
Net (Decrease) For the Period	(353,862.86)	(18,351.93)
Fund Deficit, Beginning of Period	<u>-0-</u>	<u>(335,510.93)</u>
Non-Capital Fund Deficit, June 30, 1982	<u>(\$ 353,862.86)</u>	<u>(\$ 353,862.86)</u>
 <u>Capital Fund Balance</u>		
Federal Contributions	\$1,694,727.00	\$ -0-
Institutional Contributions	<u>192,578.75</u>	<u>3,835.00</u>
Total Contributions	1,887,305.75	3,835.00
Fund Balance, Beginning of Period	<u>-0-</u>	<u>1,883,470.75</u>
Fund Balance, End of Period	<u>\$1,887,305.75</u>	<u>\$1,887,305.75</u>

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

WEST LIBERTY STATE COLLEGE
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET AS OF JUNE 30, 1982

Assets

Cash on Hand and in Depository	\$26,451.83
Total Assets	<u>\$26,451.83</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses Payable	\$17,242.11
Fund Balance	<u>9,209.72</u>
Total Liabilities and Fund Balance	<u>\$26,451.83</u>

Exhibit B

WEST LIBERTY STATE COLLEGE
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1982

Additions:	
Total Grant Award Authorization	\$289,562.00
Authorization Transferred to SEOGP	<u>(19,594.00)</u>
Net Federal Funds Provided	269,968.00
Funds Provided by Institution	<u>64,361.76</u>
Total Additions	334,329.76
Deductions:	
Wages:	
On Campus:	
Federal Share	224,789.31
Institutional Share	56,197.33
Off Campus:	
Federal Share	10,458.40
Institutional Share	2,614.60
Administrative Expenses	<u>34,721.11</u>
Total Deductions	<u>328,789.75</u>
Net Increase For the Period	5,549.01
Fund Balance, Beginning of Period	<u>3,660.71</u>
Fund Balance, End of Period	<u>\$ 9,209.72</u>

Exhibit B-1

WEST LIBERTY STATE COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET AS OF JUNE 30, 1982

Assets

Cash on Hand and in Depository	<u>\$6,137.18</u>
Total Assets	<u>\$6,137.18</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses Payable	\$6,138.00
Fund Balance	<u>(.82)</u>
Total Liabilities and Fund Balance	<u>\$6,137.18</u>

Exhibit C

WEST LIBERTY STATE COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1982

Additions:	
Total Grant Award Authorization	\$449,915.00
Authorization Transferred From CWSP	19,594.00
Authorization Not Used	(11,456.85)
Prior Years' Recoveries	<u>296.00</u>
Total Additions	458,348.15
Deductions:	
Initial Awards	215,294.47
Continuing Awards	247,776.35
Administrative Expenses	<u>6,439.00</u>
Total Deductions	<u>469,509.82</u>
Net (Decrease) For the Period	(11,161.67)
Fund Balance, Beginning of Period	<u>11,160.85</u>
Fund Balance, End of Period	<u>(\$.82)</u>

Exhibit C-1

WEST LIBERTY STATE COLLEGE
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
BALANCE SHEET AS OF JUNE 30, 1982

Assets

Cash on Hand and in Depository	\$50,022.31
Accounts Receivable <u>1/</u>	<u>354.00</u>
Total Assets	<u>\$50,376.31</u>

Liabilities and Fund Balance

Liabilities	\$ -0-
Fund Balance	<u>50,376.31</u>
Total Liabilities and Fund Balance	<u>\$50,376.31</u>

1/ Fiscal year 1982 recoveries received in fiscal year 1983.

Exhibit D

WEST LIBERTY STATE COLLEGE
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1982

Additions:	
Current Approved Authorization	\$1,263,955.00
Authorization Not Used	(31,698.50)
Prior Years' Recoveries	<u>85.09</u>
Total Additions	1,232,341.59
Deductions:	
Net Awards to Students	1,189,568.25
Administrative Expenses	<u>7,410.00</u>
Total Deductions	<u>1,196,978.25</u>
Net Increase For the Period	35,363.34
Fund Balance, Beginning of Period	<u>15,012.97</u>
Fund Balance, End of Period	<u>\$ 50,376.31</u>

Exhibit D-1

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF STUDENT LOANS RECEIVABLE
 TWO YEAR PERIOD ENDED JUNE 30, 1982
 AND THE PERIOD JANUARY 31, 1959 THROUGH JUNE 30, 1982

	For the Period January 31, 1959 Through <u>1/</u> June 30, 1982	Two Year Period Ended June 30, 1982
Fund Balance, Beginning of Period	\$ -0-	\$1,400,241.32
Funds Advances to Students	<u>3,203,754.75</u>	<u>424,176.00</u>
Total	3,203,754.75	1,824,417.32
Less Credits:		
Collections	1,366,666.69	341,480.52
Cancellations:		
Teaching Service	365,785.90	20,939.53
Military Service	159.38	159.38
Death	7,600.26	4,665.26
Bankruptcy	27,470.06	21,100.17
Pending Adjustments	<u>588.06</u>	<u>588.06</u>
Total Credits	<u>1,768,270.35</u>	<u>388,932.92</u>
Balance, June 30, 1982	1,435,484.40	<u>\$1,435,484.40</u>
Total Individual Loan Balances	<u>1,434,936.47</u>	
Difference	<u>\$ 547.93*</u>	

* An error causing \$181.25 of this difference was located after completion of this audit.

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

Schedule 1

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPUTATION OF DEFAULT RATE
 AS OF JUNE 30, 1982 1/
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 285,255.00
Deduct: Principal Amount Repaid or Cancelled	<u>47,509.00</u>
Total Remaining Principal Amount Which Has Not Been Paid, Cancelled or Assigned on Notes in Default	<u>\$ 237,746.00</u>

Total Amount of Matured Principal

Total Amount Advanced -- All Borrowers	\$3,203,754.75
Deduct: Amounts Not in Repayment Status:	
Student Status	260,799.00
Grace Period (Armed Forces, Peace Corps, Vista, Hardship)	<u>147,239.00</u>
Total Amount Not in Repayment Status	<u>408,038.00</u>
Total Amount of Matured Principal	<u>\$2,795,716.75</u>
Percentage of Loans in Default (\$237,746.00 ÷ \$2,795,716.75)	<u>8.50%</u>

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

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF CASH FLOW
 TWO YEAR PERIOD ENDED JUNE 30, 1982

Cash Balance, Beginning of Period		\$151,232.18
Add:		
Institutional Contributions	3,835.00	
Reimbursement on Loans - Cancelled	<u>17,354.00</u>	21,189.00
Reprogrammed Funds:		
Collections on Loans	341,480.52	
Interest Collected on Loans	<u>30,080.09</u>	<u>371,560.61</u>
Total Cash Available For the Period		543,981.79
Cash Applied:		
Funds Advanced to Students	424,176.00	
Administrative Expenses	19,478.68	
Other Collection Costs	<u>389.70</u>	
Total Cash Applied		<u>444,044.38</u>
Cash Balance, End of Period <u>1/</u>		<u>\$ 99,937.41</u>

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

WEST LIBERTY STATE COLLEGE
 SCHEDULE OF ADMINISTRATIVE COST ALLOWANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1982
 (UNAUDITED)

Total Administrative Cost Allowance (NDSLIP, CWSP, SEOGP and BEOGP)	\$66,474.74
Deduct Expenditures Related to Student Consumer Information Service:	
Preparation of Information Dissemination Topics	1,747.00
Dissemination of Information to Students	789.00
Salaries of Employees	<u>24,966.00</u>
Total Expenditures Related to Student Consumer Information Service	<u>27,502.00</u>
Balance of Allowance	38,972.74
Deduct Expenditures Directly Related to Adminis- tering the Federal Student Financial Aid Programs:	
Salaries	85,813.00
Office Supplies	4,217.00
Postage	4,237.00
Computer Service	2,819.00
Telephone	1,064.00
Equipment	<u>414.00</u>
Total Expenditures Directly Related to Adminis- tering the Federal Student Financial Aid Programs	<u>98,564.00</u>
Excess Expenditures Over Total Administrative Cost Allowance	<u>(\$59,591.21)</u>

Schedule 4

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1981 AND JUNE 30, 1982

<u>Non-Capital Fund Balance</u>	<u>Year Ended June 30, 1981</u>	<u>Year Ended June 30, 1982</u>
Additions:		
Interest on Loans	\$ 14,640.83	\$ 17,330.44
Reimbursement on Loans - Cancelled	<u>17,354.00</u>	<u>-0-</u>
Total Additions	31,994.83	17,330.44
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	-0-	22,949.50
Military Service	196.28	-0-
Death	4,737.25	-0-
Bankruptcy	21,499.84	-0-
Administrative Expenses	15,965.00*	1,939.63**
Other Collection Costs	<u>-0-</u>	<u>389.70</u>
Total Deductions	<u>42,398.37</u>	<u>25,278.83</u>
Net (Decrease) For the Year	(10,403.54)	(7,948.39)
Fund Deficit, Beginning of Year	<u>(335,510.93)</u>	<u>(345,914.47)</u>
Fund Deficit, End of Year	<u>(\$345,914.47)</u>	<u>(\$353,862.86)</u>

<u>Capital Fund Balance</u>	<u>Federal</u>	<u>Institutional</u>	<u>Total</u>
Fund Balance, Beginning of Period	\$1,694,727.00	\$188,743.75	\$1,883,470.75
Add Contributions:			
July 1, 1980 - June 30, 1981	-0-	3,835.00	3,835.00
July 1, 1981 - June 30, 1982	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital Fund Balance, End of Period <u>1/</u>	<u>\$1,694,727.00</u>	<u>\$192,578.75</u>	<u>\$1,887,305.75</u>

* Includes \$2,292.67 of Administrative Expenses for SEOGP. (See Schedule 8)

** Additional Administrative Expenses of \$5,596.25 is charged to CWSP. (See Schedule 7)

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

Schedule 5

WEST LIBERTY STATE COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPARISON OF FISCAL REPORT (ED-646-1) WITH ACCOUNTING RECORDS AS AUDITED
 AS OF JUNE 30, 1982

	<u>Per ED 646-1</u>	<u>As Audited</u>
<u>Debit Balances</u>		
Cash on Hand and in Depository	\$ 99,937.41	\$ 99,937.41
Funds Advanced to Students	3,203,754.75	3,203,754.75
Cost of Litigation	50.00	50.00
Administrative Expenses	103,383.62	103,383.62
Other Collection Costs	6,670.78	6,670.78
Cost of Loan Principal and Interest Cancelled:		
Teaching Service (Loans Made Prior to July 1, 1972)	358,461.48	358,461.48
Teaching Service (Loans Made July 1, 1972 and After)	57,647.77	57,647.77
Military Service	196.28	196.28
Death	7,689.20	7,689.20
Bankruptcy	28,219.37	28,219.37
	<u>\$3,866,010.66</u>	<u>\$3,866,010.66</u>
Total Debit Balances		
<u>Credit Balances</u>		
Loan Principal Collected	\$1,367,004.75	\$1,367,004.75
Loan Principal Cancelled:		
Teaching Service (Loans Made Prior to July 1, 1972)	313,303.95	313,303.95
Teaching Service (Loans Made July 1, 1972 and After)	52,731.95	52,731.95
Military Service	159.38	159.38
Death	7,600.26	7,600.26
Bankruptcy	27,470.06	27,470.06
Federal Capital Contributions	1,694,727.00	1,694,727.00
Institutional Capital Contributions	192,578.75	192,578.75
Interest Income on Loans	178,369.64	178,369.64
Reimbursement to the Fund of Amounts Cancelled on Loans Made July 1, 1972 and After	30,086.00	30,086.00
Accounts Payable	39.29	39.29
Accrued Administrative Expenses Payable	1,939.63	1,939.63
	<u>\$3,866,010.66</u>	<u>\$3,866,010.66</u>
Total Credit Balances		

Schedule 6

WEST LIBERTY STATE COLLEGE
 SCHEDULE OF DISTRIBUTION OF ADMINISTRATIVE EXPENSES CLAIMED
 (NDSLIP, CWSP AND SEOGP)
 FISCAL YEAR 1982

<u>Program</u>	<u>Administrative Expenses Claimed</u>	<u>Distribution of Charges for Administrative Expenses Claimed:</u>		
		<u>NDSLIP</u>	<u>CWSP</u>	<u>SEOGP</u>
National Direct Student Loan Program	\$ 7,535.88	\$1,939.63	\$ 5,596.25	\$ -0-
Collega Work-Study Program	6,576.06	-0-	6,576.06	-0-
Supplemental Educational Oppor- tunity Grants Program	<u>11,207.80</u>	<u>-0-</u>	<u>5,069.80</u>	<u>6,138.00</u>
Totals	<u>\$25,319.74</u>	<u>\$1,939.63</u>	<u>\$17,242.11</u>	<u>\$6,138.00</u>

Schedule 7

WEST LIBERTY STATE COLLEGE
 SCHEDULE OF DISTRIBUTION OF ADMINISTRATIVE EXPENSES CLAIMED
 (NDSLP, CWSP, SEOGP AND BEOGP)
 FISCAL YEAR 1981

<u>Program</u>	<u>Administrative Expenses Claimed</u>	<u>Distribution of Charges for Administra- tive Expenses Claimed:</u>			
		<u>NDSLP</u>	<u>CWSP</u>	<u>SEOGP</u>	<u>BEOGP</u>
National Direct Student Loan Program	\$13,672.33	\$13,672.33	\$ -0-	\$ -0-	\$ -0-
College Work-Study Program	8,126.93	-0-	8,126.93	-0-	-0-
Supplemental Educational Opportunity Grants Pro- gram	11,945.74	2,292.67	9,352.07	301.00	-0-
Basic Educational Oppor- tunity Grant Program	<u>7,410.00</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,410.00</u>
Totals	<u>\$41,155.00</u>	<u>\$15,965.00</u>	<u>\$17,479.00</u>	<u>\$301.00</u>	<u>\$7,410.00</u>

Schedule 8

WEST LIBERTY STATE COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1982 1/

	<u>Per</u> <u>ED 646</u>	<u>As</u> <u>Audited</u>
Additions:		
Total Grant Award Authorization	\$125,664.00	\$125,664.00
Authorization Transferred to SEOGP	(3,205.00)	(3,205.00)
Authorization Not Used	<u>(7,491.00)</u>	<u>(7,491.00)</u>
Net Federal Funds Provided	114,968.00	114,968.00
Funds Provided by Institution	<u>29,430.95</u>	<u>29,430.95</u>
Total Additions	144,398.95	144,398.95
Deductions:		
Wages:		
On Campus:		
Federal Share	105,216.89	105,216.89
Institutional Share	26,304.22	26,304.22
Administrative Expenses *	<u>17,242.11</u>	<u>17,242.11</u>
Total Deductions	<u>148,763.22</u>	<u>148,763.22</u>
Net (Decrease) For the Year	(4,364.27)	(4,364.27)
Fund Balance, Beginning of Year	<u>13,573.99</u>	<u>13,573.99</u>
Fund Balance, End of Year	<u>\$ 9,209.72</u>	<u>\$ 9,209.72</u>

* Includes \$5,596.25 of Administrative Expenses for NDSLPL and \$5,069.80 for SEOGP. (See Schedule 7.)

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

Schedule 9

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

	<u>Per</u> <u>ED 646</u>	<u>As</u> <u>Audited</u>
Additions:		
Total Grant Award Authorization	\$163,898.00	\$163,898.00
Authorization Transferred to SEOGP	(16,389.00)	(16,389.00)
Additional Federal Funds Deposited	<u>7,491.00</u>	<u>7,491.00</u>
Net Federal Funds Provided	155,000.00	155,000.00
Funds Provided by Institution	<u>34,930.81</u>	<u>34,930.81</u>
Total Additions	189,930.81	189,930.81
Deductions:		
Wages:		
On Campus:		
Federal Share	119,572.42	119,572.42
Institutional Share	29,893.11	29,893.11
Off Campus:		
Federal Share	10,458.40	10,458.40
Institutional Share	2,614.60	2,614.60
Administrative Expenses *	<u>17,479.00</u>	<u>17,479.00</u>
Total Deductions	<u>180,017.53</u>	<u>180,017.53</u>
Net Increase For the Year	9,913.28	9,913.28
Fund Balance, Beginning of Year	<u>3,660.71</u>	<u>3,660.71</u>
Fund Balance, End of Year	<u>\$ 13,573.99</u>	<u>\$ 13,573.99</u>

* Includes \$9,352.07 of Administrative Expenses for SEOGP. (See Schedule 8.)

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

Schedule 10

WEST LIBERTY STATE COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1981 1/

	Per ED 646	As Audited
Additions:		
Total Grant Award Authorization	\$227,089.00	\$227,089.00
Authorization Transferred From CWSP	<u>3,205.00</u>	<u>3,205.00</u>
Total Additions	230,294.00	230,294.00
Deductions:		
Initial Awards	100,571.00	100,571.00
Continuing Awards	123,585.00	123,585.00
Administrative Expenses *	<u>6,138.00</u>	<u>6,138.00</u>
Total Deductions	<u>230,294.00</u>	<u>230,294.00</u>
Net Increase For the Year	-0-	-0-
Fund Balance, Beginning of Year	<u>(.82)</u>	<u>(.82)</u>
Fund Balance, End of Year	<u>(\$.82)</u>	<u>(\$.82)</u>

* Additional Administrative Expenses of \$5,069.80 charged to CWSP. (See Schedule 7.)

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

Schedule 11

WEST LIBERTY STATE COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1981 1/

	<u>Per</u> <u>ED 646</u>	<u>As</u> <u>Audited</u>	<u>Difference</u>
Additions:			
Total Grant Award Authorization	\$222,826.00	\$222,826.00	\$ -0-
Authorization Transferred From CWSP	16,389.00	16,389.00	-0-
Authorization Not Used	(11,456.85)	(11,456.85)	-0-
Prior Years' Recoveries	<u>296.00</u>	<u>296.00</u>	<u>-0-</u>
Total Additions	228,054.15	228,054.15	-0-
Deductions:			
Initial Awards	132,781.82	114,723.47	18,058.35
Continuing Awards	106,133.00	124,191.35	(18,058.35)
Administrative Expenses*	<u>301.00</u>	<u>301.00</u>	<u>-0-</u>
Total Deductions	<u>239,215.82</u>	<u>239,215.82</u>	<u>-0-</u>
Net (Decrease) For the Year	(11,161.67)	(11,161.67)	-0-
Fund Balance, Beginning of Year	<u>11,160.85</u>	<u>11,160.85</u>	<u>-0-</u>
Fund Balance, End of Year	<u>(\$.82)</u>	<u>(\$.82)</u>	<u>\$ -0-</u>

* Additional Administrative Expenses charged to NDSLRF of \$2,292.67 and to CWSP of \$9,352.07. (See Schedule 8.)

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

Schedule 12

WEST LIBERTY STATE COLLEGE
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1982

	<u>Per</u> <u>255-4</u>	<u>As</u> <u>Audited</u>	<u>Difference</u>
Additions:			
Current Approval Authorization	\$612,990.00	\$612,990.00	\$ -0-
Additional Federal Funds Deposited	<u>7,051.50</u>	<u>7,051.50</u>	<u>-0-</u>
Total Additions	620,041.50	620,041.50	-0-
Deductions:			
Net Awards to Students	<u>612,990.00</u>	<u>571,977.79</u>	<u>41,012.21</u>
Total Deductions	<u>612,990.00</u>	<u>571,977.79</u>	<u>41,012.21</u>
Net Increase For the Year	7,051.50	48,063.71	(41,012.21)
Fund Balance, Beginning of Year	<u>2,312.60</u>	<u>2,312.60</u>	<u>-0-</u>
Fund Balance, End of Year	<u>\$ 9,364.10</u>	<u>\$ 50,376.31</u>	<u>(\$ 41,012.21)</u>

Schedule 13

WEST LIBERTY STATE COLLEGE
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1981

	<u>Per</u> <u>255-4</u>	<u>As</u> <u>Audited</u>
Additions:		
Current Approved Authorization	\$650,965.00	\$650,965.00
Authorization Not Used	(38,750.00)	(38,750.00)
Prior Years' Recoveries	<u>85.09</u>	<u>85.09</u>
Total Additions	612,300.09	612,300.09
Deductions:		
Net Awards to Students	617,590.46	617,590.46
Administrative Expenses	<u>7,410.00</u>	<u>7,410.00</u>
Total Deductions	625,000.46	625,000.46
Net (Decrease) For the Year	(12,700.37)	(12,700.37)
Fund Balance, Beginning of Year	<u>15,012.97</u>	<u>15,012.97</u>
Fund Balance, End of Year	<u>\$ 2,312.60</u>	<u>\$ 2,312.60</u>

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 11th day of

January, 1983.

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 Liberty State College; West Virginia Board of Regents; Governor; Attorney General; and, State Auditor.