

MARSHALL UNIVERSITY
HUNTINGTON, WEST VIRGINIA

REPORT OF AUDIT
SPECIAL SERVICES PROGRAM

U.S. DEPARTMENT OF EDUCATION
ENTITY NUMBER: 1-55-6000-789-A1

FOR THE PERIOD
JULY 1, 1983 - JUNE 30, 1985

LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

To the Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the Special Services Program at Marshall University.

Our examination covers the period July 1, 1983 through June 30, 1985. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Thedford L. Shanklin".

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

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Marshall University
Huntington, West Virginia

Report of Audit
Special Services Program

U.S. Department of Education
Entity Number: 1-55-6000-789-A1

For the Period July 1, 1983 - June 30, 1985

Part I - Introduction

Background

Marshall University is an institution of higher education and was last approved on December 4, 1984 by the U.S. Department of Education for participation in the Special Services Program. Our examination of the Special Services Program at Marshall University for the two-year period ended June 30, 1985 was directed toward the objectives set forth in the Code of Federal Regulations pertaining to this program.

The Special Services Program is authorized under Title IV, Section 408 of the Higher Education Act of 1965, as amended. The program was started at Marshall University on July 1, 1970. During the period of this audit, July 1, 1983 through June 30, 1985, Federal funds expended under the Special Services Program totaled \$196,820.00 and up to 193 students participated in the program each year. The program is administered by the Director of Special Services. Financial accountability is provided by the Associate Vice President for Finance.

Scope of Audit

Our audit of the Special Services 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). The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if the program was administered in accordance with applicable laws, regulations, terms of agreements and U.S. Department of Education directives.

The audit included:

1. Expressing an opinion on the balance sheet, related statement of changes in fund balance and supplementary schedules.
2. Evaluation of the institution's policies, procedures and practices used to administer the 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 for the period audited.

Part II - Highlights of Audit Results

During our audit, nothing came to our attention which caused us to believe that Marshall University had not generally administered its Special Services Program in accordance with the U.S. Department of Education regulations and directives.

Part III - Auditors' Report on Financial Statements

To the Joint Committee on Government and Finance:

We have examined the balance sheet of the Special Services Program at Marshall University as of June 30, 1985 and June 30, 1984, and the related statement of changes in fund balance for the two-year period ended June 30, 1985. (See Exhibits A and B.) 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.

In our opinion, the aforementioned financial statements present fairly the financial position of the Special Services Program at Marshall University at June 30, 1985 and June 30, 1984 and the changes in fund balances for the years ended June 30, 1985 and June 30, 1984 in conformity with generally accepted accounting principles applied on a consistent basis.

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned financial statements as of and for the two-year period ended June 30, 1985, taken as a whole, and was not directed toward formulating an opinion on the balance sheet at June 30, 1984, or the statement of changes in fund balance for the year then ended. The supplemental data included in Schedules 1 and 2 have been subjected to the auditing procedures applied in the examination of the basic financial statements and except as stated above, in our opinion, are fairly stated in all material respects only when considered in conjunction with the financial statements of the Special Services Program taken as a whole.

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

June 23, 1989

Auditors: Raymond V. Shingler, CPA, Supervisor
Donald T. Moore, Auditor-in-Charge

MARSHALL UNIVERSITY
SPECIAL SERVICES PROGRAM
BALANCE SHEET JUNE 30, 1985

Assets

Cash on Hand	(\$ 714.57)
Federal Funds Receivable	<u>6,755.94</u>
Total Assets	<u>\$6,041.37</u>

Liabilities and Fund Balance

Accounts Payable	\$7,860.84
Fund Balance	<u>(1,819.47)</u>
Total Liabilities and Fund Balance	<u>\$6,041.37</u>

See Notes to Financial Statements

Exhibit A

MARSHALL UNIVERSITY
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 1985

	<u>Year Ended June 30,</u> <u>1984</u>	<u>1985</u>	<u>Total for</u> <u>the Period</u>
Additions:			
Federal Funds Received	\$ 93,712.91	\$101,287.43	\$195,000.34
Total Additions	93,712.91	101,287.43	195,000.34
Deductions:			
Program Expenditures	<u>94,768.00</u>	<u>102,052.00</u>	<u>196,820.00</u>
Total Deductions	<u>94,768.00</u>	<u>102,052.00</u>	<u>196,820.00</u>
Net (Decrease) In Fund Balance	(1,055.09)	(764.57)	(1,819.66)
Beginning Fund Balance	<u>0.19</u>	<u>(1,054.90)</u>	<u>0.19</u>
Ending Fund Balance	<u>(\$ 1,054.90)</u>	<u>(\$ 1,819.47)</u>	<u>(\$ 1,819.47)</u>

See Notes to Financial Statements

Exhibit B

Notes to Financial Statements

Note A - Summary of Significant Accounting Policies

The financial Statements for the Special Services Program at the University have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Accounting principles are in agreement with the accounting practices prescribed for the program by the U.S. Department of Education.

Note B - Fund Balance, Beginning of Year

The ending fund balance at June 30, 1983 was understated by 19¢. This understatement resulted from expenditures and receipts after the end of the year.

Fund Balance, Ending Year (June 30, 1983)	\$ -0-
Program Expenditures	(1,054.71)
Program Receipts	<u>1,054.90</u>
Fund Balance, Beginning Year	<u>\$ 0.19</u>

Part IV - Auditors' Report on Internal Accounting Control

The Joint Committee on Government and Finance:

We have examined the Financial statements for the Special Services Program at Marshall University for the two-year period ended June 30, 1985, and have issued our report thereon dated June 23, 1989.

As part of our examination, we made a study and evaluation of the system of the internal accounting controls of Marshall University to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

1. Receipts
2. Disbursements
3. Accumulating and Reporting Expenditures

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Marshall University is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Marshall University taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the U.S. Department of Education and should not be used for any other purpose.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

June 23, 1989

Auditors: Raymond V. Shingler, CPA, Supervisor
Donald T. Moore, Auditor-in-Charge

Part V - Auditors' Report on Compliance

The Joint Committee on Government and Finance:

We have examined the accompanying financial statements for the Special Services Program at Marshall University for the two-year period ended June 30, 1985 and have issued our report thereon dated June 23, 1989. As a part of our examination, we made a study and evaluation of those internal administrative methods and procedures established by Marshall University to administer and account for the Special Services Program in accordance with instructions and guidelines provided by the U.S. Department of Education and the following compliance requirements:

- I. Eligibility of Project Participants
- II. Selection of Project Participants
- III. Record of Student Progress
- IV. Evaluation of Project Effectiveness

We understand that procedures and systems in conformity with the criteria contained in these instructions and guidelines are considered by Education to be adequate for its purposes in accordance with the provisions of our study and evaluation, we believe the institutions procedures and systems were adequate for Education's purposes.

In addition, our examination also included tests of controls to insure compliance with the provisions of certain major conditions identified in the Federal criteria and Special Grant Terms and Conditions. Based upon our examination we found that for the items tested the institution complied with these provisions.

Further, based on our examination and the procedures referred to above, nothing came to our attention to indicate that Marshall University had not complied with the material terms and conditions identified in the first paragraph above of Marshall University's Special Services Program.

This report is intended solely for the use of Marshall University, the cognizant audit agency and other Federal audit agencies and should not be used for any other purpose.

Respectfully submitted,



Theford L. Shanklin, CPA, Director
Legislative Postaudit Division

June 23, 1989

Auditors: Raymond V. Shinger, CPA, Supervisor
Donald T. Moore, Auditor-in-Charge

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

The prior audit report dated June 13, 1984 for the period July 1, 1981 - June 30, 1983 showed no findings that would have to be resolved as of this report date.

SUPPLEMENTAL INFORMATION

MARSHALL UNIVERSITY
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1985

	<u>Total</u>
Additions:	
Federal Funds Received	<u>\$101,287.43</u>
Total Additions	101,287.43
Deductions:	
Program Expenditures	<u>102,052.00</u>
Total Deductions	<u>102,052.00</u>
Net Decrease in Fund Balance	(764.57)
Beginning Fund Balance	<u>(1,054.90)</u>
Ending Fund Balance	<u>(\$ 1,819.47)</u>

MARSHALL UNIVERSITY
SPECIAL SERVICES PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1984

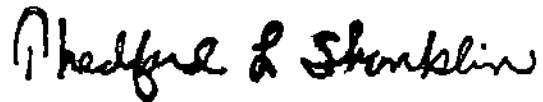
	<u>Total</u>
Additions:	
Federal Funds Received	<u>\$93,712.91</u>
Total Additions	93,712.91
Deductions:	
Program Expenditures	<u>94,768.00</u>
Total Deductions	<u>94,768.00</u>
Net (Decrease) in Fund Balance	(1,055.09)
Beginning Fund Balance	<u>0.19</u>
Ending Fund Balance	<u>(\$ 1,054.90)</u>

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 1st day of AUGUST,
1989.



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

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