

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

WEST VIRGINIA COLLEGE OF GRADUATE STUDIES  
INSTITUTE, WEST VIRGINIA

NATIONAL DIRECT STUDENT LOAN PROGRAM  
COLLEGE WORK-STUDY PROGRAM

OFFICE OF EDUCATION  
NIH VENDOR NUMBER 00 6869

FOR THE PERIOD  
NOVEMBER 29, 1973 - JUNE 30, 1977



**OFFICE OF LEGISLATIVE AUDITOR**  
**CAPITOL BUILDING**  
**CHARLESTON, WEST VIRGINIA 25305**

**West Virginia**



**LEGISLATIVE AUDITOR**

**CHARLESTON**

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

Sir:

In compliance with your instructions and the provisions of Article 2, Chapter 4, Code of West Virginia, as amended, Messrs. John T. Davis and Michael Full were assigned to audit the National Direct Student Loan and College Work Study Programs at West Virginia College of Graduate Studies.

This audit covers the period of November 29, 1973 through June 30, 1977. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

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

JRB:rwa

WEST VIRGINIA COLLEGE OF GRADUATE STUDIES  
INSTITUTE, WEST VIRGINIA

REPORT OF AUDIT  
NATIONAL DIRECT STUDENT LOAN PROGRAM  
COLLEGE WORK-STUDY PROGRAM

U.S. OFFICE OF EDUCATION  
VENDOR NUMBER 00 6869

FOR THE PERIOD  
NOVEMBER 29, 1973 - JUNE 30, 1977

LEGISLATIVE ADDITOR'S OFFICE  
STATE OF WEST VIRGINIA

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West Virginia College of Graduate Studies  
Institute, West Virginia

Report of Audit  
National Direct Student Loan Program  
College Work-Study Program

U.S. Office of Education Vendor Number: 00 6869

For the Period November 29, 1973 - June 30, 1977

Part I - Introduction

An audit has been made of the National Direct Student Loan Program and the College Work-Study Program at West Virginia College of Graduate Studies, Institute, West Virginia, for the period November 29, 1973 through June 30, 1977.

The objectives of the audit were to determine whether the College had established and followed:

1. Procedures for coordinating assistance provided under all student financial aid programs in which it participated.
2. Systems of internal control, accounting, and reporting, and had exercised proper controls in the operation of and accounting for the funds provided for the program.
3. Policies and procedures to ensure that funds provided were being used only for the purposes set forth in the College's agreement with the U.S. Commissioner of Education, and that the policies and procedures conform with applicable Department of Health, Education, and Welfare directives.
4. A control and self-evaluating system intended to monitor and evaluate the programs to determine if the programs' objectives are met.

The Federal student financial aid programs included in the audit have been under the direction of Dr. Dean K. Young, Assistant Registrar. The college's chief fiscal officer is Mr. Michael F. Thomas, Director of Financial Affairs.

The National Direct Student Loan Program (NDSLP) was established at West Virginia College of Graduate Studies on November 29, 1973. Through June 30, 1977, 42 students had received loans totaling \$46,861.00. As of June 30, 1977, there were 13 loans delinquent 121 days or more. These delinquent loans totaled \$10,101.00, which was 36 percent of the \$28,277.00 in loans outstanding in repayment status.

The College Work-Study Program (CWSP) was established at the College on November 29, 1973. During the period covered by this audit, November 29, 1973 through June 30, 1977, funds expended under the program totaled \$29,849.46. The number of students participating in the program was as follows: fiscal year 1974, 14; fiscal year 1975, 10; fiscal year 1976, 15; and fiscal year 1977, 7.

## Part II - Highlights of Audit Results

The audit disclosed that certain areas of the College's management of its Federal student financial aid programs (NDSLP and CWSP) are in need of improvement. More specifically: for all programs, (1) procedural guidelines have not been developed for administering the programs, (2) the College has not established a self-evaluation system to monitor and evaluate the financial aid programs, and (3) some students have not provided affidavits stating that the awards would be used solely for expenses related to attendance at the College; for NDSLP: (1) the fiscal report as of June 30, 1977 was inaccurate, (2) loan collection procedures are in need of improvement, (3) exit interviews have not been held with students leaving the College, as required, (4) some notes have not been fully executed by borrowers, and (5) the note form in use does not provide for charging to the borrower the cost of collecting a loan on which payment is past due; for CWSP: (1) fiscal reports have been inaccurate for each of the four fiscal years covered by this audit, and (2) the College had not provided sufficient matching funds as of June 30, 1977.

## Part III - Financial

### Auditor's Report on Financial Statements

An examination has been made of the balance sheets on the NDSLP and the CWSP at West Virginia College of Graduate Studies, as of June 30, 1977, and the related statements of income and expense and fund balance for the period November 29, 1973 through June 30, 1977. The examination was made in accordance with generally accepted auditing standards. The examination was also made in accordance with audit guides prescribed by the U.S. Department of Health, Education, and Welfare, and the Legislative Auditor's office, State of West Virginia. The examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In the auditor's opinion the financial position of the NDSLP and the CWSP, at West Virginia College of Graduate Studies, as of June 30, 1977, and the statements of income and expense and fund balance for the period November 29, 1973 through June 30, 1977, is as indicated as adjusted in Exhibits A through B-4.

The examination was made primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules 1 through 3 of this report was subjected to the same auditing procedures applied in the examination of the basic financial statements and is, in the auditor's opinion, fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

### Findings and Recommendations - Financial

#### National Direct Student Loan Program

##### Inaccurate Fiscal Report

The NDSLP fiscal report (OE Form 1152-2) submitted to the U.S. Office of Education for fiscal year 1977 was inaccurate in that the amount reported for administrative expenses was incorrect. The amount shown for administrative expenses was \$13.84, whereas it should have been \$1,514.33. (See Exhibit A-2)

It is recommended that the college submit a revised fiscal report, as of June 30, 1977, showing the above correction, to the U.S. Office of Education.

## Conclusions and Recommendations - Financial

### College Work-Study Program

#### Inaccurate Fiscal Reports

Expenditures for the CWSP reported on OE Form 1152-4 were in error for each of the four fiscal years covered by this audit. As a result, expenditures were understated by \$268.44 for fiscal year 1974, and by \$737.18 for fiscal year 1975; and overstated by \$209.25 for fiscal year 1976, and by \$159.73 for fiscal year 1977. (See Exhibits B-1 through B-4.)

It is recommended that the College arrange with the U.S. Office of Education, for adjustment of the reported CWSP expenditures in accordance with the above. It is also recommended that the Director of Financial Affairs, the College's chief fiscal officer, establish control procedures to assure the accuracy of fiscal reports prepared for the CWSP in the future.

## Findings and Recommendations - Financial

### College Work-Study Program

#### Insufficient Institutional Matching Funds

As of June 30, 1977, the College's contribution to the CWSP fund was deficient by \$1,379.14. (See Exhibit B and Schedule 3.) As a result, Federal funds used for student compensation exceeded the allowable 80 percent.

Section 175.23 of Federal regulations pertaining to the CWSP PROVIDES THAT: "... the Federal share of the compensation paid to students under this part from funds allocated to the institution...shall not exceed 80 percent."

As of January 31, 1978, subsequent to the date of this audit, the College had reimbursed the fund for the \$1,379.14 deficiency referred to above, and had deposited required matching funds to that date.

It is recommended that the College make deposits to the CWSP fund, as necessary, to maintain its required contribution at all times.

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

An examination was made of the financial statements on the NDSLIP and the CWSP at West Virginia College of Graduate Studies, for the period November 29, 1973 through June 30, 1977. As a part of the examination the College's system of internal accounting controls was reviewed and tested to the extent considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation was to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures necessary for expressing an opinion on the financial statements.

A study was also made of those internal accounting controls and administrative controls procedures of West Virginia College of Graduate Studies considered relevant to the criteria established by DHEW as set forth on pages 17 through 28 of the Audit Guide issued in January 1976.



The objective of internal accounting controls 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. It is understood that the objective of those administrative control procedures comprehended in the DHEW 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 controls would 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 accounting controls. 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 management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting controls 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.

It is understood that procedures in conforming with the criteria referred to in the second paragraph on this Part are considered by the DHEW to be adequate for its purpose 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 purpose. Based on this understanding and on the study which would not necessarily disclose all weaknesses in the system, it is believed West Virginia College of Graduate Studies has followed procedures which were adequate for DHEW's purposes, except for the conditions described on pages 2 through 3, and pages 4 through 7, of this report which it is believed are weaknesses in relation to the grants to which this report refers.

#### Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

##### All Federal Student Financial Aid Programs

###### Procedural Guidelines

It is recommended that procedural guidelines be established for the Federal 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. Office 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 economical administration, and (3) facilitate program continuity when changes occur in program personnel.

Suggestions for financial aid program administration, accounting, and procedural guidelines can be found in DHEW's 1977 publication Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs.

Findings and Recommendations - Internal Accounting and  
Administrative Controls and Compliance

All Federal Student Financial Aid Programs

Self-Evaluation System

The College has not established a self-evaluation system to monitor and evaluate the Federal student financial aid programs to ensure that their objectives are met.

The purpose of a self-evaluation system is to encourage the institution to provide continuous monitoring of its programs' activities, to assure that the programs are being operated in an effective, efficient, and economical manner.

It is recommended that a self-evaluation system be established and that the programs be reviewed under the system at least annually. An "Institutional Self-Evaluation Student Financial Aid Program" is outlined on pages 6 through 12 of DHEW's 1974 publication Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs.

Findings and Recommendations - Internal Accounting and  
Administrative Controls and Compliance

All Federal Student Financial Aid Programs

Affidavits Pertaining to Awards

Of 12 students receiving Federal student financial aid in fiscal year 1977, five did not provide affidavits stating that the awards would be used solely for expenses related to attendance at the College.

Federal regulations for both the NDSLDP and the CWSP require that a student obtaining a NSDLDP loan and/or proposing to participate in the CWSP, must file an affidavit, on a form approved by the U.S. Office of Education, stating that the money to be received as a result of award(s), will be used solely for expenses related to attendance at the institution involved.

It is recommended that the College establish control procedures which will assure that the required affidavits are obtained when students apply for financial assistance in the future. It is also recommended that a reasonable effort be made to obtain appropriate affidavits from the five students referred to in the first paragraph above.

Findings and Recommendations - Internal Accounting and  
Administrative Controls and Compliance

National Direct Student Loan Program

Loan Collection Procedures

As of June 30, 1977, there were 13 loan accounts which were 121 days or more past due. These loans represented 45 percent of the 29 loans receivable in repayment status. The principal amount outstanding for these 13 loans totaled \$10,101.00, which was 36 percent of the total amount of student loans receivable in repayment status. (See Schedule 1.)

Other than periodically turning selected delinquent loans over to a collection agency, the College has not been following organized and systematic billing and delinquency follow-up procedures. This has undoubtedly contributed to the high delinquency rate.

Section 144.43 of the Federal regulations pertaining to the NDSLP prescribes the billing procedures for outstanding loans. Also, under the terms of the College's agreement to participate in the NDSLP, it is incumbent upon the College to operate an effective loan collection program. As pointed out in Appendix 17 (Guidelines for Loan Collection), of the NDSLP Manual of Policies and Procedures, a systematic billing apparatus and organized collection procedures for follow-up on past-due loan payments are essential for an effective collection program.

It is recommended that the College establish and put into effect organized billing and delinquency follow-up policies, and otherwise follow the provisions of Appendix 17 of the Manual of Policies and Procedures in dealing with the collection of loans.

#### Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

##### National Direct Student Loan Program

###### Exit Interviews

The College has not been conducting exit interviews with student-borrowers when they left the College.

Federal regulations require that institutions shall conduct, whenever possible, an exit interview with each borrower prior to separation and provide the borrower with a copy of his repayment schedule. As indicated in Section 20206 of the NDSLP Manual of Policies and Procedures, the major purposes of the exit interview are to (1) indicate the exact amount of the student's total borrowings, (2) select and record a payment plan, (3) stress the importance of promptly meeting the schedules obligations, and (4) make certain that the institution has adequate data relating to the borrower to enable it to keep in touch with him during the repayment years. An effective exit interview could be of considerable assistance to the College later in carrying out its collection responsibilities.

It is recommended that procedures be established to provide for exit interviews with student-borrowers leaving the College.

#### Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

##### National Direct Student Loan Program

###### Execution of Promissory Notes

While there are promissory notes on file for the 41 loans outstanding as of June 30, 1977, nine notes have not been fully executed by the borrowers. In those cases, where advances have been made on the loans, receipts had been obtained in the "Schedule of Advances" section of the notes. However, the borrowers had not been required to sign and date the notes at the end to indicate acceptance of the conditions set forth in the note.

Part Two, Chapter 1, of the NDSLPL Manual of Policies and Procedures points out that the promissory note, which sets forth the conditions under which the loan is made, is the legal document binding the borrower to his repayment obligations and therefore, every precaution should be taken to ensure that it is properly executed.

It is recommended that the College establish procedures which will require a borrower to sign and date the promissory note in the appropriate spaces at the end of the note promptly after a loan has been approved. It is also recommended that a reasonable effort be made to have borrowers sign and date notes where this has not been done.

Findings and Recommendations - Internal Accounting and  
Administrative Controls and Compliance

National Direct Student Loan Program

Note Form

The note form in use does not provide for charging to the borrower the cost of collecting a loan on which payment is past due.

In a memorandum dated July 17, 1972, the U.S. Office of Education strongly encouraged institutions to include, as part of their promissory note, provision for the borrower to pay . . . "all attorney's fees and other costs and charges necessary for the collection of any amount not paid when due." The practical effort for adding such a provision to the note is to have these costs paid by the borrower, where possible, rather than deducting them from the NDSLPL fund, thus preserving the capital of the fund.

It is recommended that the College amend the promissory note form in use to include the provision referred to above.

NATIONAL DIRECT STUDENT LOAN PROGRAM  
BALANCE SHEET  
AS OF JUNE 30, 1977

	<u>Per</u> <u>OE 1152-2</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Assets</u>			
Cash on Hand and in Depository	\$ 4,387.52	\$ 4,387.52	
Student Loans Receivable (Exhibit A-1)	43,821.39	43,821.39	
Funds Receivable from Federal Government <u>1/</u>	<u>539.32</u>	<u>539.32</u>	
Total Assets	<u>\$48,748.23</u>	<u>\$48,748.23</u>	<u>\$ -0-</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accrued Administrative Expenses Payable	\$ -0-	\$ 1,500.49	\$ (1,500.49)
Total Liabilities	<u>\$ -0-</u>	<u>\$ 1,500.49</u>	<u>\$ (1,500.49)</u>
<u>Fund Equity:</u>			
Federal Capital Contributions	\$43,578.00	\$43,578.00	
Institutional Capital Contributions	4,842.00	4,842.00	
Reimbursement to the Fund of Amounts Cancelled on Loans Made July 1, 1972, and After	<u>618.32</u>	<u>618.32</u>	
Total Capital Contributions	\$49,038.32	\$49,038.32	\$ -0-
Fund Balance (Deficit)	<u>(290.09)</u>	<u>(1,790.58)</u>	<u>1,500.49</u>
Total Liabilities and Fund Balance	<u>\$48,748.23</u>	<u>\$48,748.23</u>	<u>\$ -0-</u>

1/ Teaching Service Cancellations

Exhibit A

NATIONAL DIRECT STUDENT LOAN PROGRAM  
ANALYSIS OF STUDENT LOANS RECEIVABLE  
AS OF JUNE 30, 1977

	<u>Per</u> <u>OE 1152-2</u>	<u>As</u> <u>Adjusted</u>
Funds Advanced to Students	<u>\$46,861.00</u>	<u>\$46,861.00</u>
Less Credits:		
Cash Collections	\$ 2,513.11	\$ 2,513.11
Cancellations -		
Teaching Service	<u>526.50</u>	<u>526.50</u>
Total Credits	<u>\$ 3,039.61</u>	<u>\$ 3,039.61</u>
Ledger Control Balance June 30, 1977	<u>\$43,821.39</u>	\$43,821.39
Total of Individual Loans Per Ledger Cards		<u>43,821.39</u>
Difference		<u>\$ -0-</u>

Exhibit A-1

NATIONAL DIRECT STUDENT LOAN PROGRAM  
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE  
AS OF JUNE 30, 1977

	<u>Per</u> <u>OE 1152-3</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>NON-CAPITAL FUND BALANCE</u>			
<u>Income</u>			
Interest Income on Loans	\$ 577.12	\$ 577.12	\$ -0-
<u>Expenses</u>			
Loan Principal and Interest Cancelled:			
Teaching Service	\$ 618.32	\$ 618.32	
Costs of Litigation	229.05	-0-	\$ 229.05
Administrative Expenses	13.84	1,514.33	1,500.49
Other Collection Costs	<u>-0-</u>	<u>229.05</u>	<u>(229.05)</u>
Total Expenses	\$ 861.21	\$ 2,361.70	\$ 1,500.49
Fund Balance (Deficit) June 30, 1977	<u>\$ (290.09)</u>	<u>\$ (1,790.58)</u>	<u>\$ (1,500.49)</u>

CAPITAL FUND BALANCE

<u>Federal Contributions</u>			
Fund Balance November 29, 1973	\$ -0-	\$ -0-	
Plus: Contributions	<u>43,578.00</u>	<u>43,578.00</u>	
Fund Balance June 30, 1977	<u>\$43,578.00</u>	<u>\$43,578.00</u>	
<u>Institutional Contributions</u>			
Fund Balance November 29, 1973	\$ -0-	\$ -0-	
Plus: Contributions	<u>4,842.00</u>	<u>4,842.00</u>	
Fund Balance June 30, 1977	<u>\$ 4,842.00</u>	<u>\$ 4,842.00</u>	

Exhibit A-2

COLLEGE WORK-STUDY PROGRAM  
BALANCE SHEET  
JUNE 30, 1977

	<u>Per</u> <u>OE 1152-4</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Assets</u>			
Cash on Hand and in Depository	<u>\$2,109.72</u>	<u>\$ 494.42</u>	<u>\$ 1,615.30</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accrued Administrative Expenses Payable <u>1/</u>	\$ 876.89	\$ 717.16	\$ 159.73
Fund Balance <u>2/</u>	<u>1,232.83</u>	<u>(222.74)</u>	<u>1,455.57</u>
Total Liabilities and Fund Balance	<u>\$2,109.72</u>	<u>\$ 494.42</u>	<u>\$ 1,615.30</u>
<u>1/ Accrued Administrative Expenses Payable:</u>			
Fiscal Year 1973-74	\$ 196.89	\$ 216.09	\$ (19.20)
Fiscal Year 1974-75	215.00	223.29	(8.29)
Fiscal Year 1975-76	256.00	277.78	(21.78)
Fiscal Year 1976-77	<u>209.00</u>	<u>-0-</u>	<u>209.00</u>
Total	<u>\$ 876.89</u>	<u>\$ 717.16</u>	<u>\$ 159.73</u>
<u>2/ Distribution of Fund Balance:</u>			
Federal Share	\$1,385.71	\$ 1,156.40	\$ 229.31
Institutional Share	<u>(152.88)</u>	<u>(1,379.14)</u>	<u>1,226.26</u>
Total	<u>\$1,232.83</u>	<u>\$ (222.74)</u>	<u>\$ 1,455.57</u>

Exhibit B



COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE  
JULY 1, 1976 - JUNE 30, 1977

	<u>Per</u> <u>OE 1152-4</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Federal Government	\$ 3,997.00	\$ 3,997.00	
Funds Provided by Institution	<u>1,302.60</u>	<u>1,302.60</u>	
Total Income	<u>\$ 5,299.60</u>	<u>\$ 5,299.60</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Student Compensation:			
Federal Share	\$ 4,182.00	\$ 3,997.00	\$ 185.00
Institutional Share	1,045.00	1,229.75	(184.75)
Administrative Expenses	<u>209.00</u>	<u>-0-</u>	<u>209.00</u>
Total Expenses	<u>\$ 5,436.00</u>	<u>\$ 5,226.75</u>	<u>\$ 209.25</u>
Excess of Income Over Expenses	\$ (136.40)	\$ 72.85	\$ (209.25)
<u>Fund Balance July 1, 1976</u>	<u>1,369.23</u>	<u>(295.59)</u>	<u>1,664.82</u>
Fund Balance June 30, 1977	<u>\$ 1,232.83</u>	<u>\$ (222.74)</u>	<u>\$ 1,455.57</u>

Exhibit B-1

COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE  
JULY 1, 1975 - JUNE 30, 1976

	<u>Per</u> <u>OE 1152-4</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Federal Government	\$ 8,382.00	\$ 8,382.00	
Funds Provided by Institution	<u>947.84</u>	<u>947.84</u>	
Total Income	<u>\$ 9,329.84</u>	<u>\$ 9,329.84</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Student Compensation:			
Federal Share	\$ 6,835.00	\$ 7,407.52	\$ (572.52)
Institutional Share	1,709.00	1,851.88	(142.88)
Administrative Expenses	<u>256.00</u>	<u>277.78</u>	<u>(21.78)</u>
Total Expenses	<u>\$ 8,800.00</u>	<u>\$ 9,537.18</u>	<u>\$ (737.18)</u>
Excess of Income Over Expenses	\$ 529.39	\$ (207.34)	\$ 737.18
<u>Fund Balance July 1, 1975</u>	<u>839.39</u>	<u>(88.25)</u>	<u>927.64</u>
Fund Balance June 30, 1976	<u>\$ 1,369.23</u>	<u>\$ (295.59)</u>	<u>\$ 1,664.82</u>

Exhibit B-2

COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE  
JULY 1, 1974 - JUNE 30, 1975

	<u>Per</u> <u>OE 1152-4</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Federal Government	\$ 7,062.00	\$ 7,062.00	
Funds Provided by Institution	<u>1,774.41</u>	<u>1,774.41</u>	
Total Income	<u>\$ 8,836.41</u>	<u>\$ 8,836.41</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Student Compensation:			
Federal Share	\$ 6,465.00	\$ 5,954.52	\$ 510.48
Institutional Share	718.00	1,488.63	(770.63)
Administrative Expenses	<u>215.00</u>	<u>223.29</u>	<u>(8.29)</u>
Total Expenses	<u>\$ 7,398.00</u>	<u>\$ 7,666.44</u>	<u>\$ (268.44)</u>
Excess of Income Over Expenses	\$ 1,438.41	\$ 1,169.97	\$ 268.44
<u>Fund Balance July 1, 1974</u>	<u>(599.02)</u>	<u>(1,258.22)</u>	<u>659.20</u>
Fund Balance June 30, 1975	<u>\$ 839.39</u>	<u>\$ 88.25</u>	<u>\$ 927.64</u>

Exhibit B-3

COLLEGE WORK-STUDY PROGRAM  
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE  
NOVEMBER 29, 1973 - JUNE 30, 1974

	<u>Per</u> <u>OE 1152-4</u>	<u>As</u> <u>Adjusted</u>	<u>Difference</u>
<u>Income</u>			
Funds Provided by Federal Government	\$ 5,554.00	\$ 5,554.00	
Funds Provided by Institution	<u>606.87</u>	<u>606.87</u>	
Total Income	<u>\$ 6,160.87</u>	<u>\$ 6,160.87</u>	<u>\$ -0-</u>
<u>Expenses</u>			
Student Compensation:			
Federal Share	\$ 5,250.40	\$ 5,762.40	\$ (512.00)
Institutional Share	1,312.60	1,440.60	(128.00)
Administrative Expenses	<u>196.89</u>	<u>216.09</u>	<u>(19.20)</u>
Total Expenses	<u>\$ 6,759.89</u>	<u>\$ 7,419.09</u>	<u>\$ (659.20)</u>
Excess of Income Over Expenses	\$ (599.02)	\$(1,258.22)	\$ 659.20
<u>Fund Balance November 29, 1973</u>	<u>-0-</u>	<u>-0-</u>	
Fund Balance June 30, 1974	<u>\$ (599.02)</u>	<u>\$ (1,258.22)</u>	<u>\$ 659.20</u>

Exhibit B-4

NATIONAL DIRECT STUDENT LOAN PROGRAM  
ANALYSIS OF STUDENT LOANS RECEIVABLE IN REPAYMENT STATUS  
AS OF JUNE 30, 1977

Student Loans Receivable (Exhibit A-1)	\$43,821.39
Less: Total Value of Loans Not in Repayment Status (Grace Period, Armed Forces, Peace Corps, Vista, Student Status, Hardship)	<u>15,544.39</u>
Total Student Loans Receivable in Repayment Status	<u>\$28,277.00</u>
Principal Balance of Delinquent Loans (121 Days or More Past Due)	<u>\$10,101.00</u>
Percentage of Loan Balances in Repayment Status 121 Days or More Past Due (\$10,101.00 ÷ \$28,277.00)	<u>36%</u>

Schedule 1

NATIONAL DIRECT STUDENT LOAN PROGRAM  
SCHEDULE OF INSTITUTIONAL MATCHING FUNDS  
NOVEMBER 29, 1973 - JUNE 30, 1977

<u>Date</u>	<u>Accumulated Federal Contributions</u>	<u>Accumulated Institutional Contributions</u>	<u>Required Institutional Contributions</u>	<u>Excess Institutional Contributions</u>
June 30, 1974	<u>\$11,804.00</u>	<u>\$ 1,275.00</u>	<u>\$ 1,311.55</u>	<u>\$ (36.55)</u>
June 30, 1975	<u>\$22,638.00</u>	<u>\$ 2,479.00</u>	<u>\$ 2,515.33</u>	<u>\$ (36.33)</u>
June 30, 1976	<u>\$32,867.00</u>	<u>\$ 3,652.00</u>	<u>\$ 3,651.88</u>	<u>\$ .12</u>
June 30, 1977	<u>\$43,578.00</u>	<u>\$ 4,842.00</u>	<u>\$ 4,842.00</u>	<u>\$ -0-</u>

Schedule 2

COLLEGE WORK-STUDY PROGRAM  
SCHEDULE OF INSTITUTIONAL MATCHING FUNDS  
NOVEMBER 29, 1973 - JUNE 30, 1977

	<u>Total</u> <u>Wages</u>	<u>Required</u> <u>Matching</u>
<u>Wages Earned</u>		
November 29, 1973 - June 30, 1974	<u>\$7,203.00</u>	\$1,440.60
July 1, 1974 - June 30, 1975	<u>\$7,443.15</u>	\$1,488.63
July 1, 1975 - June 30, 1976	<u>\$9,259.40</u>	\$1,851.88
July 1, 1976 - June 30, 1977 <u>1/</u>	<u>\$5,226.75</u>	<u>\$1,229.75</u>
Total Funds Required		\$6,010.86
Funds Provided This Period		<u>4,631.72</u>
Deficiency of Matching Funds as of June 30, 1977		<u>\$1,379.14</u>

1/ Greater than 20% because wages paid exceeded allowable Federal allocation.

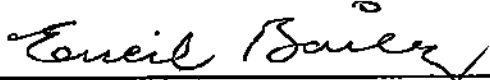
STATE OF WEST VIRGINIA,

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 19 day of

July, 1978.

  
Encil Bailey, Legislative Auditor

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