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

Sir:

We have examined the cash receipts of Southern West Virginia Community College's Television Studio Account for the period July 1, 1981 through October 20, 1988. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records as we considered necessary in the circumstances.

As more fully discussed on the following pages and as shown on Schedule 1, the College's Television Studio cash receipts were $1,056.22 less than the amounts indicated on the television studio invoices. Certain television studio invoices were marked "paid" but the amounts from these same invoices could not be verified as having been received by the College's cashiers nor deposited in the bank.

In our opinion, except for the difference discussed in the preceding paragraph, the cash receipts of Southern West Virginia Community College's Television Studio Account for the period from July 1, 1981 through October 20, 1988 are fairly stated in all material respects.

Respectfully submitted,

Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

December 12, 1988

Raymond V. Shingler, CPA, Supervisor  
Donald T. Moore, Auditor-in-Charge
The Dean of Financial and Administrative Services of Southern West Virginia Community College (SWVCC) located in Logan, called the Postaudit Division of the Legislative Auditor's office on October 21, 1988. The Dean was concerned about funds allegedly missing from SWVCC's Television Studio Account and requested the Postaudit Division to audit receipts of the account to determine the amount, if any, of missing funds.

A representative of the Postaudit Division made a preliminary visit to the campus on October 25, 1988. During the day meetings were held with the Dean of Financial and Administrative Services; the Acting President; the Assistant Dean of Financial and Administrative Services; and the Director of Media Services to ascertain what events had taken place and what work the College had done to date.

College personnel presented detail schedules of TV Studio invoices they prepared covering the period July 1, 1987 through October 20, 1988. They also presented transcripts of discussions College personnel held on October 24, 1988 with the cashiers, the TV Coordinator and the work-study student assigned to the TV studio.

We were told during the discussions that the College had provided television air time for religious programming when the College was located in the downtown area but stopped providing such service when the College moved into the new building in 1979. Television air time for such programs was not provided again for several years. In 1987, a new Director of Media Services was employed and the College began to try to provide more Sunday afternoon television air time for religious programs.
We were told that ministers brought video tapes of their church services to the TV studio; picked up the tape from the previous week, and paid a fee for each half hour of air time. We were also told that the TV Studio provided two other services for a fee. One was the copying of certain educational programs for companies or others upon request. The second came about on January 1, 1988, when the College contracted with a cable TV vendor to serve as a production agent. The College, acting as production agent, video tapes and edits commercials of local companies, however; these commercials are not shown on the College's television channel. All of these services are provided at rates designed to recover the College's cost.

We also discussed the procedures that were to be followed by the TV studio with respect to the video tape transactions. Briefly, the procedures were for the TV studio personnel, primarily the Television Coordinator, to prepare a multi-invoice form, receive the new videotape, return the previous videotape, collect the fee, take the fee and the invoice to the cashier and obtain a validated copy of the invoice for the TV Studio files. The ministers normally brought their videotapes to the TV Studio on Friday and these tapes were shown on Sunday afternoon between the hours of 1:00 p.m. and 5:00 p.m. It was our understanding from the discussion that the ministers were to pay for the Sunday showing on Friday when they brought the videotape to the Studio.

During the meetings we were informed about two other procedures that the TV studio was to follow. One procedure was to record each TV studio invoice in a log and the other was to record each program to be shown on a program schedule.

The TV studio invoice log was maintained under the supervision of the TV Coordinator. In it each service was to be recorded along with a sequential order of invoice numbers and other pertinent data. This same information was also recorded on the customers invoice.
The program schedule was also maintained under the supervision of the TV Coordinator. On it was listed the time in half-hour segments from 8:00 a.m. to 12:00 midnight for each day of the week. The Coordinator was responsible for scheduling the date, day and time of each program for each day of the week. As it turned out, the TV program schedules were available only for the period from June 29, 1987 through July 17, 1988 and from October 10, 1988 through October 23, 1988. Schedules for periods prior to June 29, 1987 were no longer on file. We did not examine items after October 20, 1988.

We were also informed that the TV Coordinator was originally hired May 1, 1980 to work in the TV studio. Over time this employees title became the TV Coordinator. The Coordinator is the only full-time employee of the studio, but the Coordinator is assisted by College work-study students.

We used all of the information above as a foundation for the development of our work plan. Since the College had already prepared a detail schedule of TV studio invoices from July 1, 1987 to October 20, 1988, we used that as our initial workpaper. We also requested and obtained copies of the actual invoices, the cash receipts ledger, the cashier's daily reports, the daily deposit tickets, the TV program schedules and transcripts of the discussions between College representatives and the cashier, TV Coordinator and College work-study student.

During the process of examining the TV studio invoices we observed that the invoices generally were marked paid and frequently the method of payment (cash or check) was indicated. In some cases nothing was indicated as to whether payment was or was not received. In the summary on Schedule 1 of this report these items are shown in the column designated "Unknown".

We also ascertained several other facts as we reviewed the TV studio invoices. Among the items noted were the following:
1. The College recommenced showing the religious programming on December 1, 1981.

2. TV studio invoices were numbered sequentially from December 1, 1981 through October 13, 1982.

3. No numbers were used on invoices between October 14, 1982 and March 1, 1988.

4. TV studio invoices were validated by the cashiers only on an intermittent basis.

5. Television programs were shown before payments were received. In at least one case payment in part was received in the second month after showing.

6. Almost all the invoices appear to have been signed by the same individual from December 1, 1981 through October 7, 1988.

7. In a few cases we found cashier validated receipts (and invoices) that did not have corresponding invoices in the TV studio invoice file.

During the examination we noted that on a number of occasions religious programs were listed on the program schedule. In several cases we noted that one minister or another was listed on the program schedule for several consecutive weeks but no invoices or receipts were on hand for these programs. The total amount of these cases was $850.00 but that amount is not included in the amounts in Schedule 1.

Our examination covered the period from July 1, 1981 through October 20, 1988 and was limited to the TV studio cash receipts. We examined and compared the TV studio copy of invoices to the cashier's copy of invoices, miscellaneous receipts, cashier's daily report, daily bank deposit tickets, cash receipts journals and the program schedules. We were able to document that $1,056.22 of TV studio invoices were marked "paid" but we could not verify that the individual amounts making up this total had been received by the College's cashier nor deposited in the bank.
The College entered into an agreement on November 16, 1988 with the former TV Coordinator. This agreement stipulated that the TV Coordinator was to repay $1,092.34 from that individual's final pay check. And in return, the administration of SWVCC agreed not to file a complaint for prosecution with law enforcement authorities resulting from any alleged misappropriation of funds. The $1,092.34 in the agreement is $36.12 more than the $1,056.22 in the column titled "Documented Difference" on Schedule 1 of this report. The $36.12 difference was added by the College to cover a personal check written by the TV Coordinator to the College on December 30, 1985. The check returned by the bank was marked returned for "insufficient funds".

November 21, 1988

Raymond V. Shingler, CPA, Supervisor
Donald T. Moore, Auditor-in-Charge
SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE
SPECIAL EXAMINATION
TELEVISION STUDIO CASH RECEIPTS
FOR THE PERIOD
JULY 1, 1981 THROUGH OCTOBER 20, 1988

<table>
<thead>
<tr>
<th>Period Ended</th>
<th>Total of Invoices</th>
<th>Total Receipts</th>
<th>Difference</th>
<th>Unknown</th>
<th>Documented Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/20/88</td>
<td>$3,387.13</td>
<td>$3,012.13</td>
<td>$375.00</td>
<td>$25.00</td>
<td>$350.00</td>
</tr>
<tr>
<td>06/30/88</td>
<td>13,580.36</td>
<td>12,948.66</td>
<td>631.70</td>
<td>185.48</td>
<td>446.22</td>
</tr>
<tr>
<td>06/30/87</td>
<td>150.00</td>
<td>55.00</td>
<td>95.00</td>
<td>35.00</td>
<td>60.00</td>
</tr>
<tr>
<td>06/30/86</td>
<td>247.00</td>
<td>190.00</td>
<td>57.00</td>
<td>57.00</td>
<td>0-</td>
</tr>
<tr>
<td>06/30/85</td>
<td>622.61</td>
<td>250.00</td>
<td>372.61</td>
<td>172.61</td>
<td>200.00</td>
</tr>
<tr>
<td>06/30/84</td>
<td>350.00</td>
<td>350.00</td>
<td>0-</td>
<td>0-</td>
<td>0-</td>
</tr>
<tr>
<td>06/30/83</td>
<td>1,250.00</td>
<td>1,200.00</td>
<td>50.00</td>
<td>50.00</td>
<td>0-</td>
</tr>
<tr>
<td>06/30/82</td>
<td>1,550.00</td>
<td>775.00</td>
<td>775.00</td>
<td>775.00</td>
<td>0-</td>
</tr>
<tr>
<td>Total</td>
<td>$21,137.10</td>
<td>$18,780.79</td>
<td>$2,356.31</td>
<td>$1,300.09</td>
<td>$1,056.22</td>
</tr>
</tbody>
</table>

Schedule 1

1/ Could not determine from invoices if amount was paid.
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 9th day of January 1989.

[Signature]

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