

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

SPECIAL SERVICES PROGRAM
U.S. OFFICE OF EDUCATION
VENDOR NUMBER: 00 3825

FOR THE PERIOD
JULY 1, 1975 - 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, Mr. John T. Davis was assigned to audit the Special Services Program at West Virginia Institute of Technology.

This audit covers the period July 1, 1975 through June 30, 1977. The results of the examination are set forth on the following pages of this audit.

Respectfully submitted,

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

JRB:nk

WEST VIRGINIA INSTITUTE OF TECHNOLOGY
MONTGOMERY, WEST VIRGINIA

REPORT OF AUDIT
SPECIAL SERVICES PROGRAM

U.S. OFFICE OF EDUCATION
VENDOR NUMBER: 09 3825

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LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA

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West Virginia Institute of Technology
Montgomery, West Virginia

Report of Audit
Special Services Program

U.S. Office of Education Vendor Number: 00 3825

For the Period July 1, 1975 - June 30, 1977

Part I - Introduction

An audit has been made of the Special Services Program at West Virginia Institute of Technology, Montgomery, West Virginia, for the period July 1, 1975 through June 30, 1977. The objectives of the audit were to determine whether the college had established and followed:

1. Systems of internal control, accounting and reporting, and had exercised proper controls in the operations of and accounting for funds provided for the program.
2. Policies and procedures which provided that Special Services Program funds be expended in accordance with the terms of the applicable acts, Department of Health, Education, and Welfare program guidelines, and grant conditions.
3. A control and evaluation system intended to monitor and evaluate the project to determine if its objectives are met.

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 West Virginia Institute of Technology on July 1, 1970. The program is administered by Mr. Ralph H. Goolsby, under the supervision of Ms. Patricia A. Urbas, Coordinator of Trio Programs. The college's chief fiscal officer is Mr. James L. Duncan, Comptroller and Business Manager.

During the period of this audit, July 1, 1975 through June 30, 1977, funds expended under the Special Services Program totaled \$135,270.18, and from 160 to 200 students participated in the program each fiscal year.

Part II - Highlights of Audit Results

The audit disclosed that West Virginia Institute of Technology had generally administered the Special Services Program in a satisfactory manner, and in accordance with Department of Health, Education, and Welfare (DHEW) federal regulations and directives pertaining to the program.

Part III - Financial

Auditor's Report on Financial Statements

An examination has been made of the balance sheet of the Special Services Program at West Virginia Institute of Technology, as of June 30, 1977, and the related statements of income and expense and fund balance for the period July 1, 1975 through June 30, 1977. (See Exhibits A through C.) The examination was made in accordance with generally accepted auditing standards, and in accordance with instructions from the Legislative Auditor's Office, State of West Virginia, and 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 above mentioned financial statements present fairly the financial position of the Special Services Program at West Virginia Institute of Technology, and the results of its operations for the period July 1, 1975 through June 30, 1977, in conformity with generally accepted accounting principles.

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

The auditor made a study of those internal accounting and administrative control procedures at West Virginia Institute of Technology, during the period July 1, 1975 through June 30, 1977, which were considered relevant to the administration of the Special Services Program under instructions and guidelines provided by DHEW.

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. The concept of reasonable assurance recognizes that the cost of a system of internal controls 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 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 intentionally by management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal 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.

Based on the study made, which included tests of compliance with instructions and guidelines provided by DHEW, the auditor believes West Virginia Institute of Technology followed procedures which are adequate for proper administration of the Special Services Program for the period July 1, 1975 through June 30, 1977.

Part V - Exhibits

Included with this report as Exhibits A through C, are a balance sheet of the Special Services Program as of June 30, 1977, and the related statements of income and expense and fund balance for the period July 1, 1975 through June 30, 1977.

SPECIAL SERVICES PROGRAM
BALANCE SHEET
JUNE 30, 1977

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>
<u>Assets</u>		
Cash on Hand and in Depository	<u>\$4,717.37</u>	<u>\$4,717.37</u>
<u>Liabilities and Fund Balance</u>		
Liabilities	\$ -0-	\$ -0-
Fund Balance	<u>4,717.37</u>	<u>4,717.37</u>
Total Liabilities and Fund Balance	<u>\$4,717.37</u>	<u>\$4,717.37</u>

Exhibit A

SPECIAL SERVICES PROGRAM
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE
SEPTEMBER 1, 1976 - JUNE 30, 1977

	<u>As</u> <u>Reported</u>	<u>As</u> <u>Adjusted</u>
<u>Income</u>		
Funds Provided by Federal Government	<u>\$50,000.00</u>	<u>\$50,000.00</u>
<u>Expenses</u>		
Personnel Costs	\$40,741.72	\$40,741.72
Travel	655.03	655.03
Equipment and Supplies	524.97	524.97
Services	700.00	700.00
Cultural Activities	136.00	136.00
Indirect Costs	<u>3,421.00</u>	<u>3,421.00</u>
Total Expenses	<u>\$46,178.72</u>	<u>\$46,178.72</u>
Excess of Income Over Expenses	\$ 3,821.28	\$ 3,821.28
<u>Fund Balance September 1, 1976</u>	<u>896.09</u>	<u>896.09</u>
Fund Balance June 30, 1977	<u>\$ 4,717.37</u>	<u>\$ 4,717.37</u>

Exhibit B

SPECIAL SERVICES PROGRAM
STATEMENT OF INCOME AND EXPENSE AND FUND BALANCE
JULY 1, 1975 - AUGUST 31, 1976

	<u>As Reported</u>	<u>As Adjusted</u>
<u>Income</u>		
Funds Provided by Federal Government	\$79,438.00	\$79,438.00
Non-Federal Funds (Institutional Outlay)	<u>4,064.00</u>	<u>4,064.00</u>
Total Income	<u>\$83,502.00</u>	<u>\$83,502.00</u>
<u>Expenses</u>		
Personnel Costs <u>1/</u>	\$80,308.96	\$80,308.96
Travel <u>2/</u>	1,699.69	1,699.69
Equipment and Supplies	603.22	603.22
Services	700.00	700.00
Indirect Costs	<u>5,779.59</u>	<u>5,779.59</u>
Total Expenses	<u>\$89,091.46</u>	<u>\$89,091.46</u>
Excess of Income Over Expenses	(\$ 5,589.46)	(\$ 5,589.46)
<u>Fund Balance July 1, 1975</u>	<u>6,485.55</u>	<u>6,485.55</u>
Fund Balance August 31, 1976	<u>\$ 896.09</u>	<u>\$ 896.09</u>

1/ Includes institutional personnel costs of \$3,564.00.

2/ Includes institutional travel costs of \$500.00.

Exhibit C

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 3rd day of April, 1979.

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 Health, Education, and Welfare; West Virginia Institute of Technology; West Virginia Board of Regents; Attorney General; Governor; and State Auditor.