

**West Virginia State University Board of Governors**  
**Audit Committee**  
**Erickson Alumni Center, Grand Hall**  
**April 27, 2017**  
**9:00 a.m. – 9:50 a.m.**  
**Agenda**

1. Call to Order and Roll Call – Mr. Gary Swingle presiding in absence of Chair
2. Verification of Appropriate Notice of Public Meeting 2
3. Review and Approval of Agenda 1
4. Review and Approval of Minutes of Previous Meeting 3
5. University Recommendations and Reports
  - 5.1 Update on University Single Audit (A-133 Financial Aid Audit) 5
  - 5.2 Other Business
6. Next Meeting Date – *June 15, 2017*
7. Adjournment

West Virginia State University  
*Audit Committee*

Date/Time: 4/27/2017 --9:00AM

Location:

West Virginia State University  
Erickson Alumni Center  
Grand Hall  
Institute, WV

Purpose: To conduct the regular business of the Committee in preparation for the April 27, 2017 Board of Governors meeting.

Notes:

This is a compliant meeting.

Meeting was approved: 4/19/2017 10:31:28 AM

**West Virginia State University Board of Governors**  
**Audit Committee**  
**Erickson Alumni Center, Grand Hall**  
**Minutes**  
**March 16, 2017**

**1. Call to Order and Roll Call**

Mr. Williams called the meeting of the West Virginia State University Board of Governors Audit Committee to order at 9:30 a.m.

**Present:** Mr. Lipscomb, Dr. Smith, Mr. Swingle, Mrs. Squirts, Mr. Williams, and Mrs. Pitchford. Several members of the administration, faculty, and staff were present.

**2. Verification of Appropriate Notice of Public Meeting**

Mr. Williams announced the Verification of Appropriate Notice of Public Meeting.

**3. Review and Approval of Agenda**

Mr. Williams asked for approval of the agenda. Mr. Swingle motioned to approve the agenda as presented, and it was seconded by Mr. Lipscomb. The motion passed.

**4. Review and Approval of Minutes of Previous Meeting**

Mr. Williams asked for approval of the minutes of the January 26, 2017 meeting. Mr. Swingle made the motion, and it was seconded by Mrs. Squirts. The motion passed.

**5. University Recommendations and Reports**

**5.1 Update on University Financial Statement Audit**

Mr. Jones announced that representatives from CliftonLarsonAllen, Mr. Chris Knopik and manager and Mr. Daniel Persaud, would be joining the meeting via telephone to go over the audit presentation. Mr. Knopik explained the overview of the audit results and opened the floor for any questions or comments during the process, as well. The overview consisted of audit droplets, audit results and opinions, financial results, and governance communications. Mr. Knopik stated they met with University staff as part of the interim field work in May and also spoke with the President. For the presentation, Mr. Knopik explained the unrestricted net position for the University and said the two largest components are post-employment benefit liability, which increased by \$12.5 million and is outside of the University's control, and pension-related liability. The unrestricted liability decreased this year due to interest expenses increasing by \$775,000 and student financial aid expenses, which increased approximately \$1.5 million; those two combined for over \$2 million dollars in additional expenses this year. Mr. Knopik said another driver was the interest expense from the new residence hall and the corresponding debt. There was also a decrease in tuition and fees revenue, private

grants, and miscellaneous revenue. It was noted that the liability of the closed-pension plan to University employees should eventually phase out, which will speed up the audit process. The auditors said there were no findings in the audit to report.

Mr. Persaud spoke about the Statement of Net Position. Capital assets had a significant decrease, mainly due to a depreciation expense from 2016. Liabilities increased slightly due to accounts payable. Mr. Knopik stated that the overall reduction was in state appropriations, which add to the overall loss that the University experienced this year. Cash flow decreased due mostly to the noncapital financing activities. Mr. Swingle asked what is seen as a concern and what input can be given to help the institution related to managing the finances. Mr. Knopik said the University should continue to work on the overall retention of students through to graduation. There was a decrease of approximately \$600,000 in overall salaries and benefits this year. In addition, efforts should continue toward filling the new residence hall at occupancy to increase that revenue stream and help pay toward those operating costs. Mr. Knopik also stated that the Governance Communication Letter indicates that there are no significant changes in the scope of the audit; however, there was a Fair Value Standard that had to be implemented, which added an additional table. No other findings were reported, and the University received a clean opinion.

Mr. Swingle suggested that the full Board receive the presentation on the financial statements. Mr. Williams also suggested they hear information about the student revenue, headcount, and retention and how these affected the report. Mrs. Pitchford and Mr. Williams felt it would also be good to have the opportunity to look at where the University truly is financially. Dr. Smith expressed appreciation to Mr. Jones and his staff for their work in helping to facilitate this audit. Mr. Swingle stated that it is well noted and the University should be proud of the internal control system.

**6. Next Meeting Date**

April 27, 2017

**7. Adjournment**

With there being no further business, Mr. Williams asked for a motion to adjourn the meeting. Mr. Swingle motioned to adjourn, and Mrs. Pitchford seconded the motion. The motion passed. The meeting adjourned at 10:30 a.m.

Respectfully submitted,

Natasha Tyson  
Executive Administrative Assistant  
Business & Finance

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016**

**DRAFT 4/6/2017 4:56 PM**

**2016–XXX SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING  
(Prior Year Finding 2015–015)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

**Criteria:** 2 CFR 200.303 states that the Institutions must (a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards. (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards. (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings. (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

34 CFR section 685.309(b) states a school shall—

- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
  - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
  - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
  - (iii) Has changed his or her permanent address.

**Condition:** For the one student selected from Mountwest Community and Technical College (Mountwest), the three students selected from Shepherd University (Shepherd), one student selected from New River Community and Technical College, two students selected from West Liberty University (West Liberty) and one student selected from West Virginia Northern Community and Technical College (Northern) in our compliance sample of 60 students who withdrew, graduated, or enrolled but never attended, the respective institution did not promptly notify the appropriate entities of a change in the student’s status in a timely

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For the Year Ended June 30, 2016**

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and accurate manner.

Further the following institutions did not have internal controls in place surrounding the enrollment reporting process: Mountwest Community and Technical College, West Virginia State University, BlueRidge Community and Technical College, Shepherd University, West Virginia University – Parkersburg, West Liberty University, and West Virginia Northern Community and Technical College.

<b>Questioned Costs:</b>	N/A
<b>Context:</b>	Total Direct Loan expenditures for the SFA cluster in total were \$455,590,796 for the year ended June 30, 2016.
<b>Cause:</b>	For the students noted above, due to ineffective internal controls, there were timing and status discrepancies between the information reported by the institution to the Clearinghouse and their subsequent reporting of enrollment detail to National Student Loan Data System (NSLDS).
<b>Effect:</b>	The institutions are not promptly notifying the proper agencies of changes in student statuses in an accurate manner; thus, inaccurate information is reported to the NSLDS.
<b>Recommendation:</b>	This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. As institutions are responsible for timely reporting whether they report directly or via a third-party servicer, we recommend that the institutions implement a review process to ensure they are promptly notifying the U.S. Department of Education and NSLDS of changes in a student's status in a timely and accurate manner.
<b>Views of Responsible Officials:</b>	Management acknowledges the finding. See corrective action plan.

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**2016–XXX PROGRAM INCOME**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

**Criteria:** 2 CFR 200.303 states that the West Virginia Department of Education must (a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards. (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards. (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings. (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

**Condition:** The institutions are required to have internal controls in place surrounding the program income process. During our testing of the institution, it was determined that West Virginia State University (WVSU) did not have a formalized internal control process, such as a formalized review and approval control, surrounding the program income process.

**Questioned Costs:** N/A

**Context:** Total federal Perkins Loans expenditures for WVSU were \$161,423 and for the Student Financial Aid cluster were \$XXX,XXX for the year ended June 30, 2016.

**Cause:** Turnover within the institution’s Finance Department led to employees taking on additional tasks and thus certain responsibilities were not addressed in a timely manner.

**Effect:** Principal and interest repayments made by students and reimbursements for cancelled loans may not be properly accounted for in the institution’s records in a timely manner, may not be properly calculated, or may not be used in accordance with program requirements.

**Recommendation:** We recommend that the institution strengthen their control procedures by having reconciliations reviewed in a timely manner.

**Views of Responsible Officials:**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**2016–XXX SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

**Criteria:** 2 CFR 200.303 states that the Institutions must (a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards. (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards. (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings. (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

**Condition:** The institutions are required to have internal controls in place surrounding the calculation of the return of Title IV funds. During our testing of Shepherd University, BlueRidge Community and Technical College, West Virginia University – Parkersburg, and West Virginia State University, it was determined that these institutions did not have a formalized internal control process, such as a formalized review and approval control, surrounding the calculation of Title IV funds.

**Questioned Costs:** N/A

**Context:** Total expenditures for the SFA cluster in total were \$455,590,796 for the year ended June 30, 2016.

**Cause:** Formal review and approval process is not in place related to the calculation of the return of Title IV funds nor is evidence of the review maintained.

**Effect:** The absence of a review process for the return of Title IV funds could result in the institution’s financial records for federal expenditures to be improperly stated.

**Recommendation:** The institutions should ensure that that the return of Title IV funds calculation is performed and saved as documented in the institution’s written procedure, including retaining documentation of timely supervisor review and approval.

**Views of Responsible:** Management acknowledges the finding. See corrective action plan.



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**Officials:**



**April 19, 2017**

**State of West Virginia A-133 Audit Finding Action/Corrective Plan – Submitted by JoAnn Ross, Director**

**2016-XXX Special Tests and Provisions – Enrollment Reporting**

**Corrective Action Plan:**

The Office of Student Financial Assistance has established an internal control improvement plan which involves increasing communication between the IT Department and the Student Financial Assistance Office. We will ask the IT Department to share with The Office of Student Financial Assistance confirmation of the submission dates. We will work closely with the Registrar to correct any rejected files and report corrected data to the National Clearinghouse within the 30 day required timeframe. If there is a concern that a file has not been sent or received, the Director of Student Financial Assistance will work with the Registrar and the contact for IT Department to confirm the enrollment report has been submitted within the required reporting timeline. The Director of Student Financial Assistance will make sure the changes are reflected on NSLDS within the 30 day requirement.

**2016-XXX Special Tests and Provisions – Return of Title IV Funds (R2T4)**

**Corrective Action Plan:**

The Office of Student Financial Assistance has established an internal control procedure for Return of Title IV Funds. The Financial Aid Counselor responsible for performing the R2T4 calculations will follow the policy for calculating the returns for withdrawn students. The Financial Aid Counselor will provide the calculation to the Associate Director for verification. The Associate Director will review the calculations and sign off on the form created for this process. This process will be saved and documented in the Office of Student Financial Assistance's Policy and Procedures Manual.

**2016-XXX Special Tests and Provisions- Program Income**

**Corrective Action Plan:**

WVSU is working on strengthening our control procedures by printing and signing all reconciled monthly ECSI (Perkins Loans) reports. Previously we were not printing any of the monthly reports that were reconciled, just viewing the reports via the web and the ECSI system for accuracy.