

Report on the

University of West Alabama

Livingston, Alabama

October 1, 2016 through September 30, 2018

Filed: October 18, 2019



Department of Examiners of Public Accounts

401 Adams Avenue, Suite 280

Montgomery, Alabama 36104-4338

P.O. Box 302251

Montgomery, Alabama 36130-2251

Website: www.examiners.alabama.gov

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, I submit this report on the results of the examination of the University of West Alabama, Livingston, Alabama, for the period October 1, 2016 through September 30, 2018.

Sworn to and subscribed before me this
the 2nd day of October, 20 19.

Kelly O. Meadows
Notary Public

Respectfully submitted,

Tahomah Blackmon
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state legal compliance, University operations and other matters.	
Comments	C
Contains information pertaining to the University operations, compliance and other matters.	
Schedule of State Compliance and Other Findings	E
Contains detailed information about findings pertaining to state legal compliance and other findings.	
Additional Information	1
Provides basic information related to the University.	
Exhibit #1 Board Members and Officials – a listing of the University Board members and officials.	2



Department of
Examiners of Public Accounts

SUMMARY

**The University of West Alabama
October 1, 2016 through September 30, 2018**

The University of West Alabama (the “University”) is a comprehensive, regional, state university, offering undergraduate and graduate degrees, and serving both residential and commuting students. The University offers studies in the following colleges: the College of Business; the College of Education; the College of Liberal Arts; and the College of Natural Sciences and Mathematics. Additional information on the history of the University is included in the Comments section of this report.

The firm of CDPA, PC, Certified Public Accountants, conducted the financial audits of the University for the fiscal years ended September 30, 2017 and September 30, 2018.

This report presents the results of an examination of the University and a review of compliance by the University with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129.

There were no findings in the prior examination.

The following instance of noncompliance with state laws and regulations were found during the examination as shown on the Schedule of State Compliance and Other Findings and are summarized below.

- ◆ 2018-001 The University did not comply with the *Code of Alabama 1975*, Section 35-12-72(a). Unclaimed property was not remitted to the State of Alabama Treasurer’s Office.
- ◆ 2018-002 The University had significant deposits at financial institutions that were not identified as public deposits in accordance with the provisions of the SAFE program.
- ◆ 2018-003 The University was unable to provide adequate documentation to support decreases in petty cash funds totaling \$840.00.
- ◆ 2018-004 The University does not assess fringe benefits for personal use of University Vehicles in accordance with IRS Regulations.

The following officials/employees were invited to an exit conference to discuss the findings and recommendations appearing in this report: Dr. Ken Tucker, President; Lawson Edmonds, Vice-President of Financial Affairs and Treasurer; and Barbara Etheridge, Comptroller. The following individuals attended the exit conference: Dr. Ken Tucker, President; Lawson Edmonds, Vice-President of Financial Affairs and Treasurer; and Barbara Etheridge, Comptroller. Representing the Department of Examiners of Public Accounts were: Andera M. Anderson, Audit Manager and Tahomah Blackmon, Examiner.



Department of
Examiners of Public Accounts

COMMENTS

**The University of West Alabama
October 1, 2016 through September 30, 2018**

The University of West Alabama was chartered in 1835 as a church-related female academy and admitted its first students in 1839. After difficult times during the Civil War and Reconstruction periods, the school reopened in the late 1860s or early 1870s. Although it appears that a few male students were admitted following the reopening, a resolution by the Board of Trustees in 1876 excluded boys, and this policy was followed until the beginning of the 20th century.

From 1881 to 1910, the school at Livingston was under the direction of the noted educator and reformer Julia Tutwiler, who succeeded in getting a small appropriation from the State Legislature in 1883 to establish normal school training for girls at Livingston Female Academy. According to statements in the University archives, this is believed to be the first state appropriation in Alabama made exclusively for the education of women. The first normal school diplomas were granted in 1886.

Livingston Female Academy and State Normal College continued as a private institution with some state support until 1907, when the state assumed full control. It remained under its own board of trustees; however, until the Legislature created a State Board of Trustees for all state normal schools in 1911. In 1919, this board was abolished and all state normal schools were placed under the supervision of the State Board of Education. During these early years, the school offered both secondary education and normal school programs for the training of teachers.

In 1929, the school at Livingston became State Teachers College, Livingston, Alabama, with the authority to confer the degree of Bachelor of Science. The Bachelor of Arts degree was authorized in 1947. Although the institution had begun accepting male students soon after 1900, the student body remained predominantly female through the 1950s.

In 1957, the name was again changed by an act of Legislature - this time to Livingston State College - and the following year the mission of the institution was broadened when the Graduate Division was established and the College was authorized to confer master's degrees in the field of professional education. In 1967, an act of the Legislature created Livingston University, with its own Board of Trustees.

In 1995, the institution recognized its broader mission as a regional university serving the educational needs of all the citizens of the area by changing its name to the University of West Alabama.

*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2018

Ref. No.	Finding/Noncompliance
2018-001	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 35-12-72(a), states that property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth for the particular property: (14) Wages or other compensation for personal services, one year after the compensation becomes payable. This law requires that all businesses review their records each year to determine whether they are in possession of any reportable unclaimed property, to file an annual report of their findings, and to remit the unclaimed property to the State of Alabama Treasurer's Office, Unclaimed Property. The report must be filed with the State Treasurer before November 1 of each year and cover the 12 months preceding July 1 of that year and any unclaimed property not reported from previous years.</p> <p>Testing revealed that 2.78% or eleven (11) checks totaling \$1,005.08 should have been remitted to the state treasury as unclaimed property. The University does not have procedures in place to review records each year to determine reportable property; therefore, they did not remit an unclaimed property report in fiscal year 2017 or fiscal year 2018.</p> <p><u>Recommendation:</u> The auditee should implement procedures to review records each year to determine reportable unclaimed property, file an annual report of findings when applicable, and remit the unclaimed property to the State of Alabama Treasurer's Office, Unclaimed Property.</p>
2018-002	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 41-14A-2 defines, Public Deposits as the funds of any covered public entity or covered public official that are placed on deposit in a qualified public depository (QPD), including, but not limited to, time deposit accounts, demand deposit accounts, and certificates of deposit.</p> <p>The Administrative Code of the Safe Division of the State Treasurer's office, Chapter 892-X-1-.08(2) states that Annually, prior to November 1st, the QPD is required to provide a report as of the last business day of September to each public depositor that summarizes their deposit account relationship. This report shall be in addition to regular statements and shall include an indication to public depositors the purpose of the report and a listing of accounts designated as public deposits subject to the Security for Alabama Funds Enhancement (SAFE) Program. The report shall be deemed correct unless the public depositor notifies the depository to the contrary within 60 calendar days of receipt of the statement.</p>

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2018

Ref. No.	Finding/Noncompliance
	<p><u>Finding Continued:</u> The University's general fund and payroll bank accounts had a total ending balance of \$17,613,255.03 for fiscal year 2018 and \$15,838,400.14 for fiscal year 2017. These accounts were not identified as public deposit accounts by the bank and no SAFE letters were issued. The University did not ensure that these two accounts were listed as public deposit accounts by the bank.</p> <p><u>Recommendation:</u> The University should develop procedures to ensure that all public deposit accounts are identified as public deposits by the applicable QPD.</p>
2018-003	<p><u>Finding:</u> Internal control, as defined in accounting and auditing, is a process for assuring an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.</p> <p>Two of the three petty cash funds counted did not agree with the established balance. The Student Accounts change fund was \$250 less than the established balance and the Cinema fund was \$590 less than the established balance. The University was unable to provide adequate documentation to support the decrease in the funds. Reconciliations were not performed to ensure that established funds were intact.</p> <p><u>Recommendation:</u> The University should develop policies and procedures to ensure that accountability is established and maintained for petty cash funds.</p>
2018-004	<p><u>Finding:</u> IRS Publication 15-B defines a fringe benefit as a form of pay for the performance of services.</p> <p>The University does not have procedures in place to determine taxable income for University employees who are assigned University vehicles. Employees do not keep vehicle logs to determine personal use. The University does not assess fringe benefits for personal use of University vehicles.</p> <p><u>Recommendation:</u> The University should have procedures in place to assess the taxable benefit of University owned vehicles in accordance with IRS regulations and should report the benefit as required.</p>

This Page Intentionally Blank

Additional Information

Board Members and Officials
October 1, 2016 through September 30, 2018

Board Members		Term Expires
Hon. Kay Ivey, Governor	Ex-Officio, President (Beginning April 2017)	
Hon. Robert Bentley, Governor	Ex-Officio, President (Until April 2017)	
Hon. Eric Mackey State Superintendent of Education	Ex-Officio Member (Beginning May 2018)	
Hon. Ed Richardson, Interim State Superintendent of Education	Ex-Officio Member (September 2017 – May 2018)	
Hon. Michael Sentance, State Superintendent of Education	Ex-Officio, Member (Until September 2017)	
Hon. Randall I. Hillman	Member	2023
Hon. Jerry F. Smith	Member	2023
Hon. Victor H. Vernon	Member	2023
Hon. Alexander J. Saad	Member (Until June 2017)	2011
Hon. Jody Wise	Member (Effective June 2018)	2023
Hon. Joseph Brown	Member	2021
Hon. Sheila S. Cloud	Member	2021
Hon. John Killian	Member	2021
Hon. Justin Smith	Member	2021

Board Members and Officials
October 1, 2016 through September 30, 2018

Board Members		Term Expires
Hon. Jean D. Anderson	Member	2019
Hon. Hal Bloom, Jr.	Member	2019
Hon. Jerry W. Groce	Member	2019
Hon. Thetford Spree	Member	2017
Hon. Terry J. Bunn	Member	2015
<u>Officials</u>		
Dr. Ken Tucker	President	
Mr. Lawson Edmonds	Vice-President for Financial Affairs (Effective January 2018)	
Mr. Lawson Edmonds	Interim Vice-President for Financial Affairs (Until December 2017)	