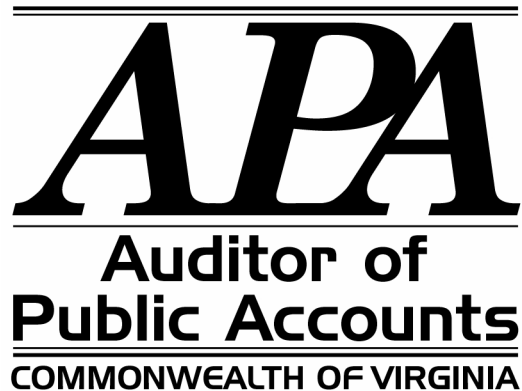


**VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY  
BLACKSBURG, VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2004**



## **AUDIT SUMMARY**

Our audit of Virginia Polytechnic Institute and State University for the year ended June 30, 2004, found:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider to be material weaknesses; and
- no instances of noncompliance or other matters required to be reported.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	1-2
UNIVERSITY OFFICIALS	3



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

October 22, 2004

The Honorable Mark R. Warner  
Governor of Virginia

The Honorable Lacey E. Putney  
Chairman, Joint Legislative Audit  
and Review Commission

The Board of Visitors  
Virginia Polytechnic Institute and  
State University

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of **Virginia Polytechnic Institute and State University** as of and for the year ended June 30, 2004, and issued our report thereon dated October 22, 2004. Our report on the financial statements is contained in the President's Report 2003-2004 issued by the University. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Report Distribution and Exit Conference

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters" is intended solely for the information and use of the Governor and General Assembly of Virginia, the Board of Visitors and management, and is not intended to be and should not be used by anyone, other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We discussed this report with management at an exit conference held on October 26, 2004.

AUDITOR OF PUBLIC ACCOUNTS

WHC/kva  
kva:

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY  
Blacksburg, Virginia

BOARD OF VISITORS

John G. Rocovich, Jr.  
Rector

Ben J. Davenport, Jr.  
Vice Rector

Michael Anzilotti  
Mitchell O. Carr  
L. Bruce Holland  
Hemant Kanakia  
John R. Lawson II  
T. Rodman Layman

Sandra Stiner Lowe  
Jacob Andrew Lutz III  
A. Ronald Petera  
Thomas L. Robertson  
James W. Severt, Sr.  
Philip S. Thompson

Kim O'Rourke  
Secretary to the Board of Visitors

ADMINISTRATIVE OFFICERS

Charles W. Steger  
President

Minnis E. Ridenour  
Executive Vice President and Chief Operating Officer

Mark G. McNamee  
University Provost and Vice President for Academic Affairs