

**GRAMBLING STATE UNIVERSITY**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/30/08

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**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Dr. Horace A. Judson, President  
**Grambling State University**  
Grambling, Louisiana 71245

We have audited the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 2007. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **the University**. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of **the University's** component unit financial statements for the year ended June 30, 2007. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)**

Dr. Horace A. Judson, President  
**Grambling State University**  
Grambling, Louisiana 71245  
Page 2

In our opinion, the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University** presents fairly, in all material respects, the expenditures of federal awards for the year ended June 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit

Our audit was performed for the purpose of forming an opinion on the Schedule of Expenditures of Federal Awards taken as a whole. The supplementary data included in this report is presented for the purpose of additional analysis and is not a required part of the Schedule of Expenditures of Federal Awards. Such information has been subjected to the auditing procedures applied in the audit of the Schedule of Expenditures of Federal Awards and, in our opinion is fairly stated in all material respects in relation to the Schedule of Expenditures of Federal Awards taken as a whole.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 7, 2007



**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Research and Development</i>			
<i>Awards from a Pass-Through Entity</i> Through: <u>USDA Forest Ser. Kisatchie</u> Cooperative Forestry Assistance	10.664	-----	\$ <u>2,181</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,181</u>
<b><u>U.S. Department of Defense</u></b>			
<i>Research and Development</i>			
<i>Awards from a Pass-Through Entity:</i> Through: <u>Clarkson Aerospace Airforce</u> Airforce Defense Research Sciences Program	12.800	-----	<u>279,068</u>
<b>Total U.S. Department of Defense</b>			<u>279,068</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct Awards</i>			
Historically Black Colleges and Universities Program	14.520	N/A	<u>71,201</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>71,201</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Interior</u>			
<i>Direct Awards</i>			
Restoration of Charles P. Adams Home	15.924	N/A	\$ <u>15,000</u>
<b>Total U.S. Department of Interior</b>			
<b>15,000</b>			
<u>National Aeronautics and Space Administration</u>			
<i>Research and Development</i>			
<i>Awards from a Pass-Through Entity:</i>			
Through: Clark Atlanta University	43.002	N/A	<u>7,493</u>
Technology Transfer			<u>7,493</u>
<b>Total National Aeronautics and Space Administrations</b>			
<b>7,493</b>			

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>National Endowment for the Humanities</u></b>			
<i>Direct Awards</i>			
Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development	45.162	—	\$ <u>60,492</u>
<b>Total National Endowment for the Humanities</b>			<u>60,492</u>
<b><u>National Science Foundation</u></b>			
<i>Research and Development</i>			
<i>Direct Awards</i>			
Education and Human Resources	47.076	N/A	<u>426,269</u>
<b>Total National Science Foundation</b>			<u>426,269</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>Environmental Protection Agency</u>			
<i>Awards from a Pass-Through Entity.</i>			
Through: <u>U. S. Environmental Protection Agency</u> Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements- Section 104(b)(3) of the Clean Water Act	66.436	N/A	\$ <u>113,558</u>
<b>Total Environmental Protection Agency</b>			<u>113,558</u>
<u>Department of Energy</u>			
<u>Research and Development</u>			
Fossil Energy Research and Development	81.089	N/A	<u>8,596</u>
<b>Total U.S. Department of Energy</b>			<u>8,596</u>
<u>U.S. Department of Education</u>			
<u>Direct Awards</u>			
Higher Education - Institutional Aid	84.031	N/A	3,364,941
Overseas Group Progress Abroad	84.021A	N/A	<u>5,730</u>
<b>Sub-total</b>			<u>3,370,671</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANITOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<i>Trio Cluster</i>			
<i>Direct Awards</i>			
TRIO-Student Support Services	84.042	N/A	\$ 341,590
TRIO-Upward Bound	84.047A	N/A	<u>516,791</u>
<b>Sub-total - Trio Cluster</b>			<u>858,381</u>
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	602,814
Federal Family Education Loans	84.032	N/A	31,029,855
Federal Work-Study Program	84.033	N/A	820,951
Federal Pell Grant Program	84.063	N/A	10,293,789
National Science and Mathematics Access to Retain Talent Grants	84.376	N/A	<u>323,730</u>
<b>Sub-total - Student Financial Assistance Cluster</b>			<u>43,071,139</u>
<b>Total U.S. Department of Education</b>			<u>47,300,191</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i><u>Direct Awards</u></i>			
Mental Health National Research Service Awards for Research Training	93.282	N/A	\$ 302,344
Biomedical Research and Research Training	93.859	N/A	600,674
Advanced Education Nursing Traineeship	93.358	N/A	32,987
<i><u>Awards from a Pass-through Entity</u></i>			
Through: <u>International Resource Group Limited</u> HIV Prevention Programs for Women	93.015	942289908	10,940
Through: <u>National Youth Sports Corporation</u> <u>Community Services Block Grants-</u> <u>Discretionary Awards</u>	93.570	NYSP 05:1045	<u>29,772</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>976,717</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
 <u>U.S. Corporation for National and Community Service</u>			
<i>Awards from a Pass-through Entity</i>			
<i>Through: Xavier University</i>			
Learn and Serve America - Higher Education	94.005	-----	\$ <u>2,446</u>
 Total U.S. Corporation for National and Community Service			
			<u>2,446</u>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			 <b>\$ <u>49,263,212</u></b>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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NOTE 1 - General:

**Grambling State University (GSU)** located in Grambling, Louisiana is an institution of higher education founded in 1901.

**The University** is a multi-purpose state supported co-education institution with degree-granting academic units which include the following:

- College of Business;
- College of Education;
- School of Social Work;
- School of Nursing;
- College of Science Technology; and
- College of Liberal Arts.

As defined by Government Accounting Standards Board Statement Number 14, **the University** is a component unit of the State of Louisiana (the Financial Reporting Entity) within the executive branch of government and is governed by the Board of Supervisors for the University of Louisiana System.

**The University** has an enrollment of approximately 5,166 students and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

**Grambling State University** is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the Department of Health and Human Services, the State of Louisiana and other agencies to assist in achieving a higher level of learning for its student body. Total direct federal and federal awards passed through other agencies amounted to more than \$47,300,191 for the fiscal year July 1, 2006 through June 30, 2007. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$43,071,139 and includes loans to students under the Federal Family Education Loan Program which totals \$31,029,855.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 1 - General, Continued:

Student Financial Aid

**Grambling State University** was approved during January, 1959 by the then Office of Education for participation in the Student Financial Aid Programs. These programs include the Federal Perkins Program, Nursing Student Loan Program, Federal Work Study Program (FWS), Federal Supplemental Education Opportunity Grant Program (FSEOG), Federal PELL Grant and the Federal Family Education Student Loan Program (FFEL). Listed below is a brief description of the Student Aid Programs administered by **the University**.

o Federal Perkins Loan Program

**The University** entered into an agreement to establish a NDSL program under the National Defense Education Act of 1958, which was transferred in 1972 to Title IV Part 674 of the Higher Education Act of 1965. Beginning with the 1987-88 award year, the NDSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. **The University** terminated the Perkins Loan Program and has repaid the remaining outstanding balance to the Federal Government during the year ended June 30, 3007.

o Nursing Student Loan Program (NSL)

**The University** entered into an agreement with the U.S. Department of Health and Human Services to establish a Nursing Student Loan Program. The records of the institution indicate that loans aggregating \$364,849 have been made to students. **The University's** participation in the Nursing Student Loan Program was terminated due to the high default rate.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 1 - General, Continued:

o Federal Work-Study Program (FWS)

**The University** established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2007, federal expenditures totaled \$820,951, of which \$39,093 was for administrative costs and \$781,858 for wages.

**The University** elected and received approval from the Department of Education to waive the institutional matching requirement for the Federal Work Study program's approved funding level for the fiscal year ended June 30, 2007. **The University** was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

o FSEOG Program

The FSEOG Program was established at **the University** in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2007, awards made from Federal funds aggregated \$574,109 and **the University** recorded indirect costs of \$28,705, which was allocated through Federal Work Study.

**The University** received approval from the Department of Education to waive the institutional matching requirement for the FSEOG program.

o Federal Pell Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal Pell Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$10,293,789 was expended for Federal Pell Grant awards to full-time and part-time students. **The University** received an administrative cost reimbursement of \$16,760.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 1 - General, Continued:

o Federal Family Education Loan Program

The Federal Family Education Loan Program enables eligible undergraduate students to borrow directly from a bank or other lending institution. During the current year, approximately \$31,029,855 was disbursed to students under the Federal Family Education Loan Program. The Federal Family Education Loan Program's Cohort default rate is 10.7 percent.

The Student Financial Aid programs are administered by the University's Financial Aid Department. All accounting for the Student Financial Aid programs is performed by the University's Accounting Department. Accounting is under the control of the Vice-President for Finance and Financial Aid reports to the Vice-President for Enrollment Management and Academic Services.

NOTE 2 - Basis of Presentation and Accounting:

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 2 - Basis of Presentation and Accounting, Continued:

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of **Grambling State University** for the year ended June 30, 2007 which have been financed principally by the U. S. Government (federal awards). For purposes of the schedule, federal awards include all Federal assistance and procurement relationships entered into directly between **the University** and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in net assets or the current fund's revenues, expenditures, and other changes of **the University**.

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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**NOTE 3 - Program Organization and Financing-(Nursing Student Loan Programs):**

The Nursing Student Loan Program is operated by the Institution under an agreement with the Department of Health and Human Services. The accounts of the program are included among the Loan Funds of the **University**.

**The University** did not make any loans to students for the year ended June 30, 2007.

The program was financed by contributions from the U.S. Department of Health and Human Services, which were matched, at a ratio of one-to-nine by contributions from **the University**. However, during the year ended June 30, 1997, **the University** was notified by the Department of Health and Human Services that the program was terminated due to the high default rate. The contributions made to the program, repayments to the federal government and loans receivables are as follows:

Analysis of Nursing Student Loan Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 2007</u>	<u>For the Year Ended June 30, 2007</u>
Federal	\$318,176	\$-0-
University	<u>35,353</u>	<u>-0-</u>
Total	<u>\$353,529</u>	<u>\$-0-</u>

Analysis of Repayments

Funding Source

Federal	\$288,547	\$939
University	<u>7,835</u>	<u>-0-</u>
Total	<u>\$296,382</u>	<u>\$939</u>

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 3 - Program Organization and Financing  
(Nursing Student Loan Programs), Continued:

Analysis of Nursing Student Loan Receivable

	Period from Inception to <u>June 30, 2007</u>	For the Year Ended <u>June 30, 2007</u>
Balance, beginning of period/year	\$ -0-	\$111,376
Funds advanced/adjustments	<u>364,849</u>	<u>-0-</u>
Total	<u>364,849</u>	<u>111,376</u>
Less: Collections	256,634	3,185
Adjustments	24	-0-
Cancellations	<u>-0-</u>	<u>-0-</u>
Total credits	<u>256,658</u>	<u>3,185</u>
Balance, June 30, 2007	<u>\$108,191</u>	<u>\$108,191</u>

NOTE 4 - Department of Education Loan:

The University of Louisiana System Board of Trustees has signed a loan agreement, on behalf of the University, with the U.S. Secretary of Education in the amount of \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3% per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 4 - Department of Education Loan, Continued:

As of June 30, 2007, the outstanding loan balance is \$2,300,043. Principal payments totaling \$106,354 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

NOTE 5 - Supplementary Financial Information:

The Schedule of Disclosures for federally assisted loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Student Loan Program, College Housing Facilities Loans, the Perkins Loan, the NSL Programs and the Department of Education. Additionally, the Schedule summarizes the amount of principal and interest cancelled (military and teacher) for the National Defense/Perkins Loan Program.

The Schedule of Fixed Price Contracts summarizes the total amount of revenues received under fixed-price contracts.

The Schedule of Secondary Sub-recipients of major Federal Programs represent disbursements of major program funds to non-state of Louisiana sub-recipients.

The Schedule of State Agency/University sub-recipients of Federal programs represent disbursement of federal funds to State of Louisiana agencies.

The Schedule of Inter-Agency Expenditures of Federal Awards summarizes federal expenditures financed by the State of Louisiana with funds received from the federal government.

**GRAMBLING STATE UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

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NOTE 6 - Contingencies:

Participation in Grant Programs

The University administers and participates in certain federal and state programs as disclosed in the Schedule of Expenditures of Federal Awards. In connection with the administration and operations of these grants, the University is to expend grant funds and allocations in accordance with program guidelines and regulations. However, should the University have operated/administered the programs and/or grants in a manner which would be in non-compliance with the guidelines and regulations, the University may be required by the funding sources to repay some portion or all of the grant award.

NOTE 7 - Major Federal Financial Assistance Programs:

Grambling State University major federal financial assistance programs for the year ended June 30, 2007 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, the Workforce Investment Act Grant, the Research and Development Cluster, and the Temporary Assistance for Needy Families Grant, Summer Food Program, and Foster Care Title IV E.

**SUPPLEMENTAL DATA**

**SCHEDULE I**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS  
FOR THE YEAR ENDED JUNE 30, 2007**

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<u>Program Name/Title</u>	<u>Federal CFDA NO.</u>	<u>Loans Made or Disbursed During Year</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest Cancelled</u>
Federal Family Education Loan Program	84.032	<u>\$31,029,855</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$ -0-</u>	<u>\$ -0-</u>	N/A
Nursing Student Loan Program	93.364	<u>\$ -0-</u>	<u>\$ 108,191</u>	N/A
College Housing and Other Facilities Loans	84.142	N/A	<u>\$ -0-</u>	N/A
Department of Education - Housing Act of 1950	N/A	N/A	<u>\$2,300,043</u>	N/A

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE II**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FIXED PRICE CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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<u>Program Name</u>	<u>CFDA No.</u>	<u>Grantor</u>	<u>Period</u>	<u>Revenues</u>
(1)	(1)	(1)	(1)	(1)

- (1) Grambling State University did not receive any revenues under the terms of fixed-priced contracts during the year ended June 30, 2007.

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF SECONDARY SUB-RECIPIENTS  
OF MAJOR FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2007**

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<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
(1)	(1)	(1)	(1)	(1)

- (1) Grambling State University did not receive any revenues from secondary sub-recipients of major federal programs during the year ended June 30, 2007.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF STATE AGENCY/UNIVERSITY SUBRECIPIENTS**  
**FOR FEDERAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of Health and Human Services- National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	\$18,702	Louisiana State University
U.S. Department of Health and Human Services National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	<u>47,478</u>	Southern University At Shreveport/ Bossier
	Total		<u>\$66,180</u>	

See the Independent Auditors' Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF INTER-AGENCY EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
<b>U.S. Department of Agriculture</b>				
Summer Food Service Program for children	10.559		Louisiana Department of Education	\$ 40,910
<b>U.S. Department of Labor-</b>				
Workforce Investment Act/Youth Activities	17.259		Coordinating and Development Co.	132,847
Workforce Investment Act/Youth Activities	17.259		Bienville Sheriff's Office	1,645
<b>U.S. Department of State-</b>				
Anti Terrorism Training	19.5099		Louisiana State University	748
<b>National Endowment for the Humanities-</b>				
Promotion of the Humanities-Public Programs	19.2611		Louisiana State University	37,883
	45.164		Public Programs	10,575
<b>National Science Foundation-</b>				
Mathematical and Physical Sciences Education and Human Resources	47.049		Board of Regents	640
	47.076		Louisiana Tech University	38,799

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
<b>U.S. Department of Education</b>				
Adult Education - State Grants	84.002		Louisiana Dept of Education	\$251,551
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		Board of Regents	97,484
New Teacher Professor Recruitment-USDDed	84.321013		Board of Regents	75
Improving Teachers Quality State Grants	84.367		Board of Regents	7,500
<b>U.S. Department of Health and Human Services</b>				
Temporary Assist Needy Families (TANF)	93.558		Louisiana Dept of Education	13,403
Foster Care Title IV E	93.658		Louisiana State Dept of Social Services	<u>173,696</u>
Total				<u>\$807,756</u>



Member  
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Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

---

Dr. Horace A. Judson, President  
**Grambling State University**  
Grambling, Louisiana 71245

We have audited the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 2007, and have issued our report thereon dated December 7, 2007. 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. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

**Internal Control Over Financial Reporting**

In planning and performing our audit, except for the functions performed at the University's Service Bureau in connection with processing transactions for the NDSL/Perkins program and Nursing Student Loan Program, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

For the information system internal control categories at the Service Bureau, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of Campus Partners' present fairly, in all material respects, the aspects of Campus Partners' controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2007. The other accountants' report has been furnished to us as of our report issuance date in which an unqualified opinion was expressed regarding the previous noted controls.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Also, we noted that other accountants for the Service Bureau expressed an unqualified opinion on specific controls tests.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **the University's** Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 of compliance disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

This report is intended for the information and use of the President, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

December 7, 2007



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Society of Louisiana  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Dr. Horace A. Judson, President  
**Grambling State University**  
Grambling, Louisiana 71245

**Compliance**

We have audited the compliance of **Grambling State University (the University)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of our report issuance date. **The University's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the University's** management. Our responsibility is to express an opinion on **the University's** compliance based on our audit.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in Schedule III in the accompanying Schedule of Findings and Questioned Costs as items 2007-01 and 2007-02.

We did not audit the University's compliance with certain regulations governing the processing of student loans for the NDSL/Perkins and Nursing Student Loan Programs as set forth therein relative to participation in the Federal Student Financial Assistance Program. Those administrative requirements govern functions performed by the Service Bureau. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

The Service Bureau's compliance assertions with respect to its servicing of the Federal Perkins Loan and Nursing Student Loan Programs for **the University** was examined by another accountant, whose report was furnished to us as of our report issuance date. Based on our review of the other accountants' report, we have determined that all of the compliance requirements included in the OMB Circular A-133 Compliance Supplement that are applicable to the programs in which **the University** participates are addressed in either our report or the report of the other accountant. The independent accountant indicated that no findings or questioned costs were noted as a result of the compliance attestation examination on the service bureau.

**Internal Control Over Compliance**

The management of **the University** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except for the functions performed at **the University's** Service Bureau in connection with processing transactions for the NDSL/Perkins and Nursing Student Loan Programs, we considered **the University's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

For the internal control over compliance categories at the Service Bureau, another accountant examined management's assertions with respect to establishing internal control systems that assured compliance with reporting, Perkins and Nursing Student Loan collections and due diligence, and servicer eligibility. The other accountants' report has been furnished to us as of our report issuance date.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

**Internal Control Over Compliance, Continued**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operations that we consider to be material weaknesses.

Also, we noted that other accountants for the Service Bureau indicated that their were no findings or questioned costs noted during the current year's attestation examination.

This report is intended solely for the information and use of the President, management, federal awarding agencies and pass-through entities, and the legislative auditors' office and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 7, 2007

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE I - Summary of the Independent Auditors' Results**

- |    |   |                           |
|----|---|---------------------------|
| 1. | Type of report issued on the Schedule of Expenditures of Federal Awards:  | <u><b>Unqualified</b></u> |
| 2. | Did the audit disclose any material weaknesses in internal control over financial reporting:  | <u><b>No</b></u>          |
| 3. | Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses: | <u><b>No</b></u>          |
| 4. | Did the audit disclose any non-compliance which is material to the financial statements of the organization:  | <u><b>No</b></u>          |
| 5. | Did the audit disclose any material weaknesses internal control over major federal programs:  | <u><b>No</b></u>          |
| 6. | Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses:      | <u><b>No</b></u>          |
| 7. | Type of report issued on compliance for major programs:   | <u><b>Unqualified</b></u> |
| 8. | Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a):           | <u><b>Yes</b></u>         |

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE I - Summary of the Independent Auditors' Results, Continued**

9. The following is an identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
Various	Student Financial Aid Cluster
Various	Research and Development Cluster
10.559	Summer Food Program
17.259	Workforce Investment Act Youth Activities
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV E

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) is as follows:

<u>Program</u>	<u>Amount</u>
Type A	Major Programs are determined on a State level.

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: Yes

12. Were management letter comments issued: No

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE II - Financial Statement Findings**

No matters reported.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE III - Federal Award Findings and Questioned Costs**

**COMPLIANCE**

**Audit Finding Reference Number**

**Questioned Costs**

2007-01 - Federal Work-Study

\$-0-

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

84.033 Federal Work-Study Program

**Federal Award Year**

June 30, 2007

**Federal Agencies**

U. S. Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

Record keeping requirements, 34 CFR 675.19(b) cite that a school must follow the record retention and examination provisions and establish and maintain program and fiscal records that are reconciled at least monthly.

**Conditions and Perspectives**

During our audit of the federal work-study program, we noted the following conditions:

- Six (6) student out of ten (10) students tested who worked while scheduled to be in class;
- For eight (8) out of ten (10) students tested, the hours reported on the student's time sheet did not agree to the hours in which the students were paid. The wages were under-paid to the students totaling \$79.

**GRAMBLING STATE UNIVERSITY**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE III - Federal Award Findings and Questioned Costs, Continued**

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number**

2007-01 - Federal Work-Study, Continued

**Cause**

The University did not properly adhere to established University procedures which require University personnel to reconcile fiscal records on a monthly basis and to ensure that students do not receive federal work-study payments in excess of amounts earned and that students do not work during scheduled class periods.

**Questioned Costs**

For purposes of this condition, we have not questioned any costs.

**Effect**

The University is not in compliance with federal regulations.

**Recommendation**

We recommend that management of the University adhere to established policies and procedures regarding the work-study program.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE III - Federal Award Findings and Questioned Costs, Continued**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE**

**Audit Finding Reference Number**

**Questioned Costs**

2007-02 - Matching

\$-0-

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

93.658 Foster Care Title IV-E

17.259 Department of Labor WIA Youth Activities

47.049 National Science Foundation Center for Mathematics  
Achievement in Science and Technology

**Federal Award Year**

June 30, 2007

**Federal Agencies**

U. S. Department of Education

**Pass-Through Entity**

Department of Social Services

**Criteria**

OMB Circular A-133 Compliance Supplement Part 3 Section G stipulates that a non-federal entity must provide matching or cost sharing of a specified amount or percentage as provided in the contract or grant agreement with the federal government.

**Conditions and Perspectives**

We noted during our audit that the University failed to properly document the match that is required by the grant agreement for the period July 1, 2006 through June 30, 2007.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SCHEDULE III - Federal Award Findings and Questioned Costs, Continued**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE**  
**(CONTINUED)**

**Audit Finding Reference Number, Continued**

2007-02 - Matching

**Cause**

The University failed to document the match requirements as outlined in the grant agreement.

**Questioned Costs**

For the purpose of this finding, we have not been able to determine whether or not the University complied with the matching requirement, as such we have not questioned any costs.

**Effect**

Non-compliance with federal requirements on providing the required match of grant fund expenditures.

**Recommendation**

We recommend that the University properly document the matching requirements of the grant agreement.

**GRAMBLING STATE UNIVERSITY**  
**AUDIT INFORMATION SCHEDULE**

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Lead Auditor: BRUNO & TERVALON LLP, Certified Public Accountants  
Michael B. Bruno, CPA, CGFM, Managing Partner  
Sean M. Bruno, CPA, Manager

License Number: L 1218

Telephone Number: (504) 284-8733

The audit field work was performed between October 2, 2007 and December 7, 2007 at the institution's facilities as follows:

<u>LOCATION</u>	<u>DESCRIPTION OF FACILITY (ADMIN. OR SFA OFFICES, MAIN CAMPUSES, ETC)</u>
<b>Grambling State University</b> (main campus)	Office of Student Financial Aid and Federal Grant office (main campus)

Institution's Accrediting Organization: Commission on Colleges of the Southern Association of Colleges and Schools.

The institution utilizes a SFA Servicer.

Campus Partners  
2400 Reynolda Road  
Winston-Salem, North Carolina 27106

The following functions are provided by this SFA Servicer:

1. Billing Students - Perkins Loans and Nursing Student Loans
2. Processing of cancellations and deferments - Perkins Loans and Nursing Student Loans

A review of the Servicer's compliance with Title IV Regulations was performed by the Service Bureau's independent public accountant.

Records for the accounting and administration of the SFA programs are located at:

**Grambling State University**  
Grambling, Louisiana 71245  
Office of Student Financial Aid



January 15, 2008

Mr. Sean Bruno, CPA  
Bruno & Tervalon LLP,  
Certified Public Accountants  
4298 Elysian Fields Ave  
New Orleans, LA 70122

Dear Mr. Bruno:

**RE: Corrective Action Plan - Finding 2007-01 – Federal Work Study**

The University concurs with the auditor's recommendation that management of the University adhere to established policies and procedures regarding the work-study program. To avoid future reoccurrences, the Payroll and Financial Aid Offices will work together to address any conflicting timesheets prior to student's getting paid Federal College Work Study monies.

To avoid future occurrences, the following will be implemented:

1. The Payroll Office will provide the Financial Aid Office with a class schedule conflict report.
2. The report will be reviewed by both offices prior to payment of Federal College Work Study wages.
3. Supervisors will be notified prior to payment when there is a conflict.
4. Class schedule conflicts will be charged to departmental budgets as opposed to paying wages from Federal College Work Study funds.

ITC, Payroll and Financial Aid are seeking system solutions to integrate timesheets and class schedules to streamline the process to reconcile fiscal records on a monthly basis to ensure that students do not work during scheduled class periods.

The following verbiage will be added to student web access timesheets as well as the monthly email notification sent out each month from the Payroll Office:

*"Students are not permitted to work during class time. Any time reported on timesheets during scheduled class time will not be paid from Federal College Work Study Funds. Supervisors will be responsible for paying students from their departmental budgets."*

Sincerely,

Horace A. Judson  
President

HAJ:jj



January 15, 2008

Mr. Sean Bruno, CPA  
Bruno & Tervalon LLP,  
Certified Public Accountants  
4298 Elysian Fields Ave  
New Orleans, LA 70122

Dear Mr. Bruno:

**RE: Corrective Action Plan - Finding 2007-02 - Matching**

Management concurs with the finding on undocumented matching. Per discussions with you and the Grants staff, management will implement procedures to document the matching requirements of the grant agreement.

Where matching is attributable to payroll expenditures, the Grants office will change the procedure for collecting time and effort certifications and will make special note of those employees whose salaries are charged to unrestricted funds, but provide services to satisfy matching requirements.

Matching funds applicable to non-payroll matching expenses will be charged to a unique restricted fund established to record the matching expense during the year. At fiscal year end or grant period end, whichever comes first, the expenses will be reclassified to the general fund in total by account code. This will properly expense the match, provide transaction detail, and readily identify the grant to which the match is applicable.

The above procedure shall be implemented effective January 1, 2008.

Sincerely,

Horace A. Judson  
President

HAI:jj