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## GRAMBLING STATE UNIVERSITY

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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 JUN 07 2000

### SINGLE AUDIT REPORT

### FOR THE YEAR ENDED JUNE 30, 1999

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999 .....	3
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	12
<b>SUPPLEMENTARY DATA:</b>	
I -- Schedule of Disclosures for Federally Assisted Loans for the Year Ended June 30, 1999 .....	25
II -- Schedule of Fixed Price Contracts For the Year Ended June 30, 1999 .....	26
III -- Schedule of Changes in Fund Balance-Federal Perkins Loan Program For the Year Ended June 30, 1999 .....	27
IV -- Schedule of Changes in Fund Balance-Nursing Student Loan Program For the Year Ended June 30, 1999 .....	28
V -- Schedule of Secondary Subrecipients of Major Federal Programs for the Year Ended June 30, 1999 .....	29
VI -- Schedule of State Agency/University Subrecipients of Federal Programs for the Year Ended June 30, 1999 .....	30

**TABLE OF CONTENTS, CONTINUED**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	31
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:	
Schedule I -- Summary of the Independent Auditors' Results .....	40
Schedule II -- Financial Statement Findings for the Year Ended June 30, 1999 .....	42
Schedule III -- Federal Award Findings and Questioned Costs for the Year Ended June 30, 1999 .....	44
STATUS OF OTHER AUDITS .....	62
EXIT CONFERENCE .....	63
AUDIT INFORMATION SCHEDULE .....	64

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

Dr. Steve Favors, President  
**Grambling State University**  
Grambling, Louisiana 71245

We were engaged to audit the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 1999. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **the University**. *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, 1999. The component unit financial statements are audited by the State of Louisiana Legislative Auditor whose report dated May 23, 2000 contained a disclaimer of an opinion on the general purpose financial statements.*

Due to difficulties experienced by **the University** in ensuring that accounting transactions were accurately recorded to the accounting records, there are risks of misclassification of accounts and incorrect postings of amounts and risks that transactions and accounts that should be recorded in the Schedule of Expenditures of Federal Awards might be omitted. As such, we were unable to restrict such risk by performing sufficient substantive procedures to enable us to form an opinion regarding the amounts recorded as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Because of the significance of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Schedule of Expenditures of Federal Awards.

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

Dr. Steve Favors, President  
**Grambling State University**  
Grambling, Louisiana 71245  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2000 on our consideration of **Grambling State University's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report on our consideration of **Grambling State University's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants is presented on page 31 and should be read in conjunction with this report in considering the results of our engagement.

We were engaged to audit the Schedule of Expenditures of Federal Awards 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 purposes of additional analyses and is not a required part of the Schedule of Expenditures of Federal Awards. As discussed previously, the scope of our work was not sufficient to enable us to express an opinion on the Schedule of Expenditures of Federal Awards. Similarly, we are unable to express and do not express, an opinion on the accompanying supplementary data.

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

May 25, 2000

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

<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>Awards From a Pass-Through Entity</i>			
<u>Through:</u> State of Louisiana's Department of Education	10.558	LDE-SFSP-SS	\$ 29,359
<u>Through:</u> National Youth Sports Program	10.558	LDE-SFSP-02	<u>3,017</u>
<u>Through:</u> Child and Adult Care Food Program			
<b>Total U.S. Department of Agriculture</b>			
<u>32,376</u>			
 <b><u>U.S. Department of Defense</u></b>			
<i>Awards from a Pass-Through Entity</i>			
<u>Through:</u> Northrop Grumman Department of Defense High Performance Computing Program	N/A	GOSC-BM-L97-344	<u>154,882</u>
<b>Total U.S. Department of Defense</b>			
<u>154,882</u>			

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

<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 Defense, Continued</u>			
<u>U.S. Department of the Army</u>			
<u>Direct Awards</u>			
U.S. Army ROTC Cadet Command	DABT60-96-P-0420	-----	\$ 40,406
Integrating Research Results from Parallel and Distributed Computing	N/A	DAA-LO1-97-2-0159	150,491
<u>Awards from a Pass-Through Entity</u>			
Through: Louisiana Tech University Development of a Center for Advances Mold/Mask Process	N/A	DAAH04-96-0200	<u>3,101</u>
<b>Total U. S. Department of the Army</b>			<u>193,998</u>
<u>Office of Naval Research</u>			
<u>Research and Development Cluster</u>			
<u>Direct Awards</u>			
Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributive Interactive Simulation Technology	DAAH04-95-1-0250	-----	<u>2,414,521</u>
<b>Sub-total</b>			<u>2,414,521</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, 1999

<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 the Navy, Continued</u>			
<i>Research and Development Cluster, Continued</i>			
<i>Direct Awards</i>			
Basic and Applied Scientific Research	12.300	-----	\$ <u>417,593</u>
<b>Total U.S. Department of the Navy</b>			
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Awards</i>			
HUD/Historically Black College Grant	B94SBLA0001	-----	<u>8,096</u>
<b>Total U.S. Department of Housing and Urban Development</b>			
<u>U.S. Department of the Interior</u>			
<i>Direct Awards</i>			
Fish and Wildlife Management Assistance	15.608	-----	<u>13,899</u>
<b>Total U.S. Department of the Interior</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, 1999**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
 <u><b>U.S. Department of Justice</b></u>			
<i>Direct Awards</i>			
Cops Universal Hiring Program	LA0310600	-----	\$ <u>36,205</u>
Total U.S. Department of Justice			<u>36,205</u>
 <u><b>U.S. Department of Labor</b></u>			
<i>Awards From A Pass-Through Entity</i>			
Through: Coordinating and Development Corp. Private Industry Council			
Welfare to Work to State and Localities	17.253	PY-98-70-WTW-4	<u>131,259</u>
Total U.S. Department of Labor			<u>131,259</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, 1999**

<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 Aeronautics and Space Administration</u></b>			
<i><u>Awards from a Pass-Through Entity</u></i>			
Through: Howard University			
CSTEA HBCU Academic Research Consortium	N/A	633623A	\$ 133,750
Through: Louisiana State University			
National Space Grant College and Fellowship Program	N/A	R181357	2,500
<b><u>Research and Development Cluster</u></b>			
<i><u>Direct Awards</u></i>			
Polymeizable Monomer Reactants	NCC3-512	-----	64,716
<b><u>Awards from a Pass-Through Entity</u></b>			
Through: New Mexico Highlands University			
NLO Polymers That Have Enhanced Thermal Stability Alliance for Non-Linear Optics	N/A	NAG8-1392	95,063
	N/A	NA65-6532	<u>11,978</u>
<b>Total National Aeronautics and Space Administration</b>			<u>308,007</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, 1999

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<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 Science Foundation</u></b>			
<i>Awards from a Pass-Through Entity</i>			
Through: National Science Foundation/Louisiana Educational Quality Support Fund Louisiana Alliance for Minority Participants Teaching Scholars Center for Training, Application in Miniature Technologies	-----	NSF-LEQSF(1995-00-02)	\$ 149,936
	-----	NSF/LEQSF (1995-1998) SI-01	94,672
Through: Louisiana Tech GSU CISE Educational Infra Structure	-----	NSFCDA-94-14-309	<u>16,585</u>
<b>Total National Science Foundation</b>			<u>261,193</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, 1999**

<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 Energy</u></b>			
<i>Awards from a Pass-Through Entity</i>			
Through: Louisiana Department of Natural Resources State Energy Program	81.041	PVE29-99-03	\$ 22,625
<i>Research and Development Cluster</i>			
<i>Awards from a Pass-Through Entity</i>			
Through: Xavier University of Louisiana Magneto - Chemical Character Studies	N/A	DE-FG22 96PC96225	21,848
Through: University of Southwest Louisiana High Energy Ion Beams	N/A	DOELEQSF (1993-95)-03	<u>17,458</u>
<b>Total U.S. Department of Energy</b>			<u>61,931</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, 1999**

<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 Education</u></b>			
<i>Direct Awards</i>			
International Overseas Group - Projects Abroad	84.021	-----	\$ 60,000
Higher Education - Institutional Aid	84.031	-----	2,104,768
Trio - Student Support Service	84.042	-----	162,204
Trio - Upward Bound	84.047	-----	488,735
Minority Science Improvement	84.120	-----	110,267
<i>Awards From a Pass-Through Entity</i>			
<u>Through: Louisiana Department of Education</u>			
Vocational Education - Basic Grants to States	84.048	99-VE-UE-2SP/2SE	11,013
<u>Through: Monroe City School System</u>			
Magnet Schools Assistance	84.165A	S165A980035	<u>19,991</u>
<b>Sub-total</b>			<u>2,956,978</u>
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	-----	758,057
Federal Family Education Loans	84.032	-----	23,736,380
Federal Work-Study Program	84.033	-----	642,890
Federal Perkins Loan Program	84.038	-----	1,884,331
Federal Pell Grant Program	84.063	-----	<u>8,336,706</u>
<b>Sub-total - Student Financial Assistance Cluster</b>			<u>35,358,364</u>
<b>Total U.S. Department of Education</b>			<u>38,315,342</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, 1999**

<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 Health and Human Services</u>			
<i>Direct Awards</i>			
Alcohol Research Program	93.273	-----	\$ 98,362
Mental Health National Research Service Awards	93.282	-----	110,904
Research for Mothers and Children	93.865	-----	33,439
Minority Access to Research Careers	93.880	-----	68,706
Partnership for Minority Access to Baccalaureate	2R256M51773-02	-----	138,589
MBRS Program at Grambling	551466MO4531-08	-----	97,845
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Nursing Student Loans	93.364	-----	281,782
<i>Awards from a Pass-Through Entity</i>			
Through: Louisiana State University Medical Center Health Careers Opportunity Program	N/A	CFMSS15365	<u>34,558</u>
<b>Total U.S. Department of Health and Human Services</b>			
			<u>864,185</u>
<u>Corporation for National and Community Service</u>			
<i>Awards from a Pass-Through Entity</i>			
Through: Northeast Louisiana Delta Community Development Corporation Northeast Louisiana Delta Grant	N/A	OCS-90-EE02	<u>60,207</u>
<b>Total Corporation for National and Community Service</b>			<u>60,207</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$43,273,694</u>

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;
- Division of Graduate Studies;
- Division of Academic Support Services;
- 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 Trustees for State Colleges and Universities.

**The University** has an enrollment of approximately 5,965 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education.

**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 \$43,273,694 for the fiscal year July 1, 1998 through June 30, 1999. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$35,640,146 and includes loans to students under the Federal Family Education Loan Program (\$23,736,380), Federal Perkins Loan Program (\$1,884,331) and the Nursing Student Loan Program (\$281,782).

**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 records of the institution indicate that loans aggregating \$7,624,986 have been made to 8,796 students since the establishment of the program at the Institution.

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 \$367,941 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

**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, 1999, federal expenditures totaled \$642,890, of which \$30,614 was for administrative costs and \$612,276 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, 1999. **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, 1999, awards made from Federal funds aggregated \$721,959 and **the University** recorded indirect costs of \$36,098.

**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 \$8,336,706 was expended for Federal PELL Grant awards to full-time and part-time students. **The University** received an administrative cost reimbursement of \$17,650.

**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 \$23,736,380 was disbursed to students under the Federal Family Education Loan program. The Federal Family Education Loan Program's Cohort default rate is 20.8 percent. As such, **the University** has developed and implemented a Default Management Plan to reduce the default rate among students.

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:

During the year ended June 30, 1999, the management of **Grambling State University (the University)** engaged in the task of converting their financial management system from the Poise financial reporting module to the Banner 2000 financial reporting module. This action was necessary to ensure that the financial management system would be Year 2000 compliant. During the conversion process, former members of the management of **Grambling State University** experienced significant difficulties in ensuring that accounting transactions were accurately recorded to the Banner 2000 financial reporting module.

**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:

After a subsequent review of the recorded transactions and the related general ledger produced by such transactions, current management of **Grambling State University** determined that numerous errors were made in the recording of accounting transactions to the Banner 2000 financial reporting module. Thereafter, it was decided to re-summarize the majority of the general ledger transactions by utilizing an alternative manual spreadsheet compilation process. The transactions that were derived from this process (check disbursement, payroll, fringe benefits, journal vouchers, accounts payable) were summarized by grant in a spread sheet format to arrive at the amounts reflected per the Schedule of Expenditures of Federal Awards.

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.

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, 1999 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 fund balances or the current fund's revenues, expenditures, and other changes of **the University**.

**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 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.

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

The Perkins Loan Program Fund is operated by the Institution under an agreement with the United States Department of Education. The accounts of the Program are included among the Loan Funds of **the University**.

**The University** made loans to students of \$18,800 during the year ended June 30, 1999 using reprogrammed funds. The Program is financed by contributions from the Department of Education which are matched, at a ratio of one-to-three, by contributions from **the University**. However, **the University** will not receive federal capital contributions since the University's default rate exceeds 20%. Strategies specified in the Default Management Plan will be implemented for the Federal Perkins Loan program in order to lower the default rate. In addition, **the University** will implement the following strategies:

- Process the monthly Activity Reports in an aggressive manner from the billing agency, EFG Technologies, in identifying borrowers who are more than 30 days delinquent. Borrowers whose accounts are seriously delinquent will be submitted to the State Attorney General's (AG) Office for collection.

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

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

- Implement a signed contract with another collection agency to collect on accounts that have been returned from the AG's Office.

The contributions made to the Program and loans due to the program are as follows:

Analysis of Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 1999</u>	<u>For the Year Ended June 30, 1999</u>
Federal	\$3,737,084	\$-0-
University	<u>415,232</u>	<u>-0-</u>
Total	<u>\$4,152,316</u>	<u>\$-0-</u>

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

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

Analysis of Loans Receivable

	Period from Inception to <u>June 30, 1999</u>	For the Year Ended June 30, <u>1999</u>
Balance, beginning of period/year	\$ -0-	\$1,990,095
Funds advanced	<u>7,624,986</u>	<u>18,800</u>
 Total	 <u>7,624,986</u>	 <u>2,008,895</u>
Less:		
Collections	3,268,742	123,840
Cancellations:		
Teaching service	696,848	8,093
Death	35,826	-0-
Bankruptcy	72,396	-0-
Military	225	-0-
Defaulted loan principal assigned to Federal		
Government	1,319,672	-0-
Rejected payments	-0-	(7,398)
Other principal adjustments	<u>346,946</u>	<u>29</u>
 Total credits	 <u>5,740,655</u>	 <u>124,564</u>
 Balance, June 30, 1999	 <u>\$1,884,331</u>	 <u>\$1,884,331</u>

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

---

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

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, 1999.

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 Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 1999</u>	<u>For the Year Ended June 30, 1999</u>
Federal	\$318,176	\$-0-
University	<u>35,353</u>	<u>-0-</u>
Total	<u>\$353,529</u>	<u>\$-0-</u>

Analysis of Repayments

<u>Funding Source</u>		
Federal	\$52,195	\$7,738
University	<u>-0-</u>	<u>-0-</u>
Total	<u>\$52,195</u>	<u>\$7,738</u>

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

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

Analysis of Loans Receivable

	<u>Period from Inception to June 30, 1999</u>	<u>For the Year Ended June 30, 1999</u>
Balance, beginning of period/year	\$ -0-	\$304,131
Funds advanced	<u>367,941</u>	<u>-0-</u>
Total	<u>367,941</u>	<u>304,131</u>
Less: Collections	85,659	21,849
Adjustments	<u>500</u>	<u>500</u>
Total credits	<u>86,159</u>	<u>22,349</u>
Balance, June 30, 1999	<u>\$281,782</u>	<u>\$281,782</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. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 1999, the outstanding loan balance is \$3,068,840. Payments totaling \$83,810 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

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

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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 canceled (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 Changes in Fund Balance for the Perkins Loan Program summarizes the activity relative to the Program for the year ended June 30, 1999.

The Schedule of Changes in Fund Balance for the Nursing Student Loan Program summarizes the activity relative to the Program for the year ended June 30, 1999.

*The Schedule of Secondary Subrecipients of major Federal Programs represent disbursements of major program funds to non-state of Louisiana subrecipients.*

*The Schedule of State Agency/University subrecipients of Federal programs represent disbursement of federal funds to State of Louisiana agencies.*

**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.

Our audit disclosed certain items or transactions as findings. The accompanying Schedule of Expenditures of Federal Awards has not been adjusted for disallowed costs that could result from those items. The ultimate resolution or determination as to whether the costs will be allowable or unallowable under the affected grants will be made by the various funding sources.

During the year ended June 30, 1997, the U.S. Department of Education issued a determination with regard to the year ended June 30, 1995 and a program review report for the years ended June 30, 1996 and 1997 that required **the University** to review its adherence to certain laws and regulations pertinent to student financial aid. The Internal Audit Department of **the University** was assigned the responsibility to perform the review. As a result, it was determined by the Internal Auditor that approximately \$213,300 and \$491,990 of financial aid had been possibly disbursed to ineligible students for the years ended June 30, 1995 and 1996-1997, respectively.

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

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NOTE 6 - Contingencies, Continued:

Participation in Grant Programs, Continued

During the year ended June 30, 1998, **the University** received a notification from the Department of Education that a monetary liability of \$75,206 was assessed with regard to the June 30, 1995 year. This amount was paid prior to June 30, 1998.

On July 22, 1998, **the University** received a final determination from the U.S. Department of Education for the 1996-1997 year which indicated that certain findings were considered closed based upon corrective actions taken by **the University**. However, the U.S. Department of Education assessed a monetary liability for two findings totaling \$342,566, which **the University** repaid by July 12, 1999.

NOTE 7 - Major Federal Financial Assistance Programs:

**Grambling State University** major federal financial assistance programs for the year ended June 30, 1999 were determined on a state level based upon program activity. Such programs are the Student Financial Assistance Cluster, Trio Cluster and the Research and Development Cluster.

**SUPPLEMENTAL DATA**

SCHEDULE I

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

<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>\$23,736,380</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$18,800</u>	<u>\$1,884,331</u>	N/A
Nursing Student Loan Program	93.364	<u>\$ -0-</u>	<u>\$281,782</u>	N/A
College Housing and other Facilities Loans	84.142	N/A	<u>\$2,181,000</u>	N/A
National Defense/ Perkins Loans Military and Teacher Cancellations for Loans Made:				
Prior to July 1, 1972	84.037	N/A	N/A	<u>\$4,845</u>
After July 1, 1972	84.037	N/A	N/A	<u>\$4,477</u>
Department of Education - Housing Act of 1950	_____	N/A	<u>\$3,068,840</u>	N/A

See the Independent Auditors' Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FIXED PRICE CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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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-price contracts during the year ended June 30, 1999.

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**

**GRAMBLING STATE UNIVERSITY  
PERKINS LOAN PROGRAM  
SCHEDULE OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1999**

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Additions:	
Accrued interest and interest collected on loans	\$ <u>15,939</u>
Total additions	<u>15,939</u>
Deductions:	
Loan principal and interest cancelled:	
Teacher service	9,322
Other collection costs	<u>27,642</u>
Total deductions	<u>36,964</u>
Net decrease for year	(21,025)
Fund balance, beginning of year	<u>516,325</u>
Fund balance, end of year	<u>\$495,300</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**GRAMBLING STATE UNIVERSITY  
NURSING STUDENT LOAN PROGRAM  
SCHEDULE OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1999**

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Additions:	
Interest collected on loans	\$ 3,481
Other income	<u>193</u>
Total additions	<u>3,674</u>
Deductions:	
Other costs and losses	-0-
Repayment to federal government	<u>7,738</u>
Total adjustments	<u>7,738</u>
Net decrease for the year	(4,064)
Fund balance, beginning of year	<u>326,072</u>
Fund balance, end of year	<u>\$322,008</u>

See the Independent Auditors' Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF SECONDARY SUBRECIPIENTS**  
**OF MAJOR FEDERAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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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 the Army- Research and Development Cluster	DAAHO4- 95-1-0250	Parallel and Distributed Evaluation	\$ 452,945	Univ. of Houston
U.S. Department of the Army- Research and Development Cluster	DAAH04- 95-1-0250	Parallel and Distributed Evaluation	583,753	Florida A&M
U.S. Department of the Army - Research and Development Cluster	DAAHO4 95-1-0250	Parallel and Distributed Evaluation	<u>382,265</u>	Univ. of Central Florida
Total			<u>\$1,418,963</u>	

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF STATE AGENCY/UNIVERSITY SUBRECIPIENTS**  
**FOR FEDERAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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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	2R256M51 773-02	Partnership for Minority Access	\$ 8,937	LSU Medical Center
U.S. Department of Health Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	<u>58,154</u>	Southern University
Total			<u>\$67,091</u>	

See the Independent Auditors' Report on Supplementary Information.

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

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Dr. Steve Favors, President  
**Grambling State University**  
Grambling, Louisiana

We were engaged to audit the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 1999. We were required to conduct our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. However, due to difficulties experienced by **the University** in ensuring that accounting transactions were accurately recorded to the accounting records, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Schedule of Expenditures of Federal Awards. The component unit financial statements are audited by the State of Louisiana Legislative Auditor whose report dated May 23, 2000 contained a disclaimer of an opinion on the general purpose financial statements.

### Compliance

As part of our attempt to obtain 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

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

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(CONTINUED)

**Compliance, Continued**

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 an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 99-01.

We did not audit **the University's** compliance with the regulations governing the administration of the NDSL/Perkins program as set forth in the Code of Federal Regulations CFR 34, Part 674. Those administrative requirements govern functions performed by the outside service center. 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.

The outside service center's compliance with the requirements governing the functions it performs for **the University** is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditors 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 auditor. The audit report on the outside service center includes an immaterial instance of non-compliance pertaining to services carried out for **the University**. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the finding. Information on the effect of the reported finding on **the University's** SFA programs is included in the EFG Technologies Compliance Attestation Examination report prepared by PriceWaterhouseCoopers.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
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**

In planning and performing our audit, except for the functions performed at the University's contracted outside service center in connection with processing transactions for the NDSL/Perkins program, 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 Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting. However, because of inadequacies in the University's internal accounting and information system's controls and related accounting records, the scope of our work was not sufficient to express, and we do not express, an opinion on the Schedule of Expenditures of Federal Awards and related notes. We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-01.

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 misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

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

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(CONTINUED)

Also, the State of Louisiana Legislative Auditor noted that the alternate compilation process was not properly planned and documented, the working trial balance contained errors, that certain internal control deficiencies existed with regard to **the University's** Information Systems, and that sampled accounting transactions were not properly supported, reviewed and approved, and timely processed.

For the internal control categories at the contracted outside service center, another auditor obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation, and assessed control risk. The other auditors' report has been furnished to us as of our report issuance date. However, the scope of our work did not extend to these internal control policies and procedures established and maintained at the outside service center.

Also, we noted that other auditors for the outside service center indicated that they noted no matters involving internal control and its operations that they consider to be material weaknesses.

This report is intended solely 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**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 25, 2000

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

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. Steve Favors, President  
**Grambling State University**  
Grambling, Louisiana

**Compliance**

We were engaged to audit 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, 1999. **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. We were responsible for expressing an opinion on **the University's** compliance based on our being engaged to perform an audit.

We were required to conduct our audit of compliance in accordance with generally accepted auditing standards; 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.

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)

As described in Schedule III, audit finding 99-02 in the accompanying schedule of findings and questioned costs, **the University** failed to ensure that accounting records were complete which result in greater risks of misclassification of accounts and incorrect postings of amounts, and greater risks that transactions and accounts that should be recorded to federal programs might be omitted. As such, we were unable to perform sufficient audit procedures with regard to *financial related compliance matters to determine whether all Student Financial Aid, Trio Cluster and Research and Development major programs federal amounts were accurately reported and calculated properly in accordance with federal cost principles and related Department of Education regulations, whether indirect cost amounts, which were calculated on re-summarized amounts are correct, whether accurate costs were charged during the period of availability, whether cash drawdowns, which were evaluated based upon the re-summarized amounts were proper, whether federal financial reports accurately reflect the financial activities of the federal programs, and whether certain special tests were performed accurately.*

Because of the nature and magnitude of the potential effect of the previously noted financial related compliance matters, their indirect effect on certain programmatic compliance matters, and by their significance to each major program, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on whether **the University** complied, in all material respects, with the types of requirements described in OMB Circular A-133 Compliance Supplement.

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)

However, the results of our attempt to perform auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as audit findings 99-03, 99-04, 99-05, 99-06 and 99-07.

We did not audit **the University's** compliance with the regulations governing the administration of the NDSL/Perkins program as set forth in the Code of Federal Regulations CFR 34, Part 674. Those administrative requirements govern functions performed by the outside service center. 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.

The outside service center's compliance with the requirements governing the functions it performs for **the University** is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditors 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 auditor. The audit report on the outside service center includes an immaterial instance of non-compliance pertaining to services carried out for **the University**. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the finding. Information on the effect of the reported finding on **the University's** SFA programs is included in the EFG Technologies Compliance Attestation Examination report prepared by PriceWaterhouseCoopers.

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**

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 attempting to perform our audit, except for the functions performed at **the University's** contracted Outside Service Center in connection with processing transactions for the NDSL/Perkins program, 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 attempting to express an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

For the internal control categories at the contracted Outside Service Center, another auditor obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation, and assessed control risk. The other auditors' report has been furnished to us as of our report issuance date. However, the scope of our work did not extend to these internal control policies and procedures established and maintained at the Outside Service Center.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **the University's** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-02, 99-03, and 99-04.

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)

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we considered items 99-02 and 99-03 to be material weaknesses.

Also, we noted that other auditors for the outside service center indicated that they noted no matters involving internal control and its operations that they consider to be material weaknesses.

This report is intended solely 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*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2000

**SCHEDULE I**

**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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1. Type of report issued on the financial statements: Disclaimer.
2. Did the audit disclose any reportable conditions in internal control: Yes.
3. Were any of the reportable conditions material weaknesses: Yes.
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: Yes.
5. Did the audit disclose any reportable conditions in internal control over major programs: Yes.
6. Were any of the reportable conditions in internal control over major programs material weaknesses: Yes.
7. Type of report issued on compliance for major programs: Disclaimer..
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): Yes.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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9. The following is an identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
DAAH-04-95-1-0250	Parallel and Distributed Evaluation - Research and Development Grant
DAA-LO1-97-2-0159	Integrating Research Results -Research and Development Grant
84.042	Trio-Student Support Service
84.047	Trio-Upward Bound
84.007	Federal Supplemental Education Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.038	Federal Perkins Loan Program
93.364	Nursing Student Loans

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	Since Grambling State University is a state agency, the 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:  
No.

**SCHEDULE II**  
**FINANCIAL STATEMENT FINDINGS**

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FINANCIAL STATEMENTS FINDINGS**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE**

**Audit Finding Reference Number**

99-01 - Financial Management System

**CRITERIA**

OMB Circular A-110 specifies that financial management systems must be maintained in accordance with certain standards. Executive Order MJF 96-50 stipulates that computer information systems (Systems) must not give incorrect results prior to, during or after the Year 2000 and all corrective actions to ensure Systems are Year 2000 Compliant must be in effect on or before July 1, 1999.

LA. Rev. Statute 24:513 specifies that the Single Audit must be completed within six (6) months of the close of the reporting period.

**CONDITION**

During the year ended June 30, 1999, the management of **Grambling State University (the University)** engaged in the task of converting their financial management system from the Poise financial reporting module to the Banner 2000 financial reporting module. During the conversion process, **the University** experienced significant difficulties in ensuring that accounting transactions were accurately recorded to the Banner 2000 financial reporting module. Subsequent to June 30, 1999, employees (management) responsible for the conversion were no longer employed at **the University**.

A review of the recorded transactions and the related general ledger produced by such transactions, by the current management of **the University** revealed numerous errors in the recording of accounting transactions to the Banner 2000 financial reporting module. Thereafter, it was decided to re-summarize the majority of the general ledger transactions by utilizing a manual spreadsheet compilation process which became the working trial balance.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FINANCIAL STATEMENTS FINDINGS, CONTINUED**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE,**  
**(CONTINUED)**

**Audit Finding Reference Number, CONTINUED**

99-01 - Financial Management System

**EFFECT**

The failure to ensure that accounting transactions were accurately recorded to the Banner 2000 financial reporting module, the failure to ensure that adequate information systems support and controls exist, and the re-summarization of accounting transactions result in greater risks of misclassification of accounts and incorrect postings of amounts, and greater risks that transactions and accounts that should be recorded in the Schedule of Expenditures of Federal Awards might be omitted. Furthermore, **the University** has not ensured that the financial management system was maintained in accordance with federal and state regulations. Also, because of the condition of the financial reporting system, **the University** was unable to issue the Single Audit report within the prescribed timeframe.

**RECOMMENDATIONS**

We recommend that management of **the University** continue in their efforts to ensure a federal and state compliant financial management system (the System) is implemented and that all accounting transactions are properly recorded to the System and that future Single Audit reports are issued by the required due date.

**SCHEDULE III**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

99-02 - Financial Management Systems

**Federal Programs**

U.S. Department of Defense

U.S. Department of Education

**CONDITIONS, EFFECT OF CONDITION AND RECOMMENDATIONS**

As described in audit finding 99-01, **the University** failed to ensure that accounting transactions were accurately recorded and complete and that adequate information systems support and controls existed. Also, because of the noted failures, certain financially related compliance matters were effected such as allowable cost/cost principles, cash management, period of availability, reporting and special tests and provisions.

We recommend that management of **the University** continue in their efforts to ensure a federal and state compliant financial management system is implemented and that all accounting transactions are properly recorded to the financial reporting module and adequate information systems controls and support exist.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

99-03 - Federal Financial Reports

**Federal Program and Specific Federal Award identification**

**CFDA TITLE AND NUMBER**

DAAH04 - 95-1-0250	Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributive Interactive Simulation Technology
DAA-L01-97-2-0159	Integrating Research Results from Parallel and Distributed Computing
CFDA 84.042	TRIO - Student Support Service
CFDA 84.047	TRIO - Upward Bound
CFDA 84.048	Vocational Education - Basic Grants to States
CFDA 84.007	Federal Supplemental Educational Opportunity Grants
CFDA 84.033	Federal Work-Study Program
CFDA 84.063	Federal Pell Grant Program

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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

**Audit Finding Reference Number, Continued**

99-03 - Federal Financial Reports

**FEDERAL AWARD YEAR**

June 30, 1999

**FEDERAL AGENCIES**

U.S. Department of Defense - Department of the Army  
- Department of the Navy

U.S. Department of Education

**PASS-THROUGH ENTITY**

Louisiana Department of Education

**CRITERIA**

*OMB Circular A-133 Compliance Supplement Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement Part 4, Section L stipulates that cumulative drawdown amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.*

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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

**Audit Finding Reference Number, Continued**

99-03 - Federal Financial Reports

**CONDITIONS AND PERSPECTIVE**

We noted during our audit that certain grant expenditures reflected on the related federal financial reports submitted during the year ended June 30, 1999 did not agree in total to the grant expenditure amounts summarized for the schedule of expenditures of federal awards as follows:

<u>Grant Name</u>	<u>CFDA/Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per Schedule of Expenditures</u>	<u>Difference Over (Under)</u>
Parallel and Distributed Evaluation Integrating Research Results Student Support	DAAH04-95-1-0250	\$1,641,246	\$2,414,521	\$(773,275)
	DAA-L01-97-2-0159	122,666	147,837	(25,171)
	84.042	138,746	162,204	(23,458)

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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

**Audit Finding Reference Number, Continued**

99-03 - Federal Financial Reports

**CONDITIONS AND PERSPECTIVE, CONTINUED**

<u>Grant Name</u>	<u>CFDA/Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per Schedule of Expenditures</u>	<u>Difference Over (Under)</u>
Upward Bound Vocational Education	84.047	\$ 359,864	\$ 488,736	\$(128,872)
Federal SFOG	84.048	14,938	11,816	3,122
Federal Work-Study	84.007	518,984	758,057	(239,073)
Federal Pell - 1999	84.033	-0-	642,890	(642,890)
	84.063	8,281,424	8,336,705	(55,281)

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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

**Audit Finding Reference Number, Continued**

99-03 - Federal Financial Reports

**CAUSE**

Due to problems encountered in implementing the Banner 2000 financial reporting module, **the University's** accounting system did not provide the necessary financial information to ensure that certain federal financial reports were accurately prepared.

**QUESTIONED COSTS**

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

**EFFECT**

It appears that certain federal financial reports contained inaccurate financial information.

**RECOMMENDATION**

We recommend that management of **the University** continue in its efforts to correct the noted conditions and to ensure that accurate financial information is submitted to the federal government in the future.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

99-04 - Excess Cash - Nursing Student Loan Program

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

93.364- Nursing Student Loan

**FEDERAL AWARD YEAR**

June 30, 1999

**FEDERAL AGENCY**

U.S. Department of Health and Human Services

**PASS-THROUGH ENTITY**

Not applicable

**CRITERIA**

OMB Circular A-133 Compliance Supplement, Part 5 - Student Financial Assistance Cluster, Section 4 stipulates that any excess cash must be returned to the Department of Health and Human Services (HHS).

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,**  
**CONTINUED**

**Audit Finding Reference Number, Continued**

99-04 - Excess Cash - Nursing Student Loan Program

**CONDITION AND PERSPECTIVE**

**The University's** participation in the Nursing Student Loan Program was terminated during the year ended June 30, 1996. However, during the year ended June 30, 1999 collections of principal and interest were received from students, but no excess cash computations were performed to return appropriate funds to HHS and the institution.

**CAUSE**

**The University** inadvertently failed to perform excess cash calculations and return appropriate funds to parties involved.

**QUESTIONED COSTS**

For purposes of this finding, we have not questioned any costs because the amount of funds required to be repaid to HHS has not been determined.

**EFFECT**

Non-compliance with federal requirements which stipulate that a school must immediately return all funds on hand to the federal agency, and must return future collections on a quarterly basis if its participation in the Nursing Student Loan Program was terminated.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,**  
**CONTINUED**

**Audit Finding Reference Number, Continued**

99-04 - Excess Cash - Nursing Student Loan Program

**RECOMMENDATION**

We recommend that immediate steps be taken to calculate the applicable amounts due to the federal government and the Institution, and that appropriate policies and procedures be developed to ensure such calculations are performed as prescribed by the federal government.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE**

**Audit Finding Reference Number**

99-05 - Satisfactory Academic Progress

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.063 - Federal Pell Grant Program (Pell)  
CFDA 84.032 - Federal Family Education Loan Program (FFEL)  
CFDA 84.007 - Federal Supplemental Educational Opportunity  
Grant Program (FSEOG)

**FEDERAL AWARD YEAR**

June 30, 1999

**FEDERAL AGENCY**

Department of Education

**PASS-THROUGH ENTITY**

Not applicable.

**CRITERIA**

Title IV regulations, 34 CFR Section 668.32 (c) stipulates that students participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

OMB Circular A-133 Compliance Supplement Part 5 Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (6) stipulates that a student must maintain good standing, or satisfactory progress.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

99-05 - Satisfactory Academic Progress

**CONDITIONS AND PERSPECTIVE**

We noted during our audit that two (2) students out of seventy (70) tested were awarded and received financial aid, although the students did not meet **the University** standards for achieving satisfactory academic progress.

**CAUSE**

It appears that **the University** inadvertently disbursed aid to academically ineligible students.

**QUESTIONED COSTS**

For purposes of this finding, we have questioned costs as follows:

	<u>Amount</u>
Federal Family Education Loan Program	\$4,175
Federal Pell Grant Program	3,925
Federal Supplemental Educational Opportunity Grant Program	<u>600</u>
Total	<u>\$8,700</u>

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

99-05 - Satisfactory Academic Progress

**EFFECT**

Students that did not maintain satisfactory academic progress received financial aid.

**RECOMMENDATION**

We recommend that **the University** adhere to established policies and procedures and monitor the academic standing of all students prior to awarding student financial aid.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE**

**Audit Finding Reference Number**

99-06 - Aid Exceeded Documented Need

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.032 - Federal Family Education Loan Program (FFEL)  
CFDA 84.007 - Federal Supplemental Educational Opportunity Grant Program  
CFDA 84.033 - Federal Work-Study Program  
CFDA 84.063 - Federal Pell Grant Program

**FEDERAL AWARD YEAR**

June 30, 1999

**FEDERAL AGENCY**

Department of Education

**PASS-THROUGH ENTITY**

Not applicable

**CRITERIA**

OMB Circular A-133 Compliance Supplement, Part 5, Section E (Eligibility) specifies that the annual award should be calculated based upon certain factors and coordinated among all programs to ensure that the total aid is not awarded in excess of the student's financial need.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

99-06 - Aid Exceeded Documented Need

**CONDITION AND PERSPECTIVE**

During our audit we noted that five (5) students out of seventy (70) tested received financial aid in excess of their documented need.

**CAUSE**

It appears that **the University** did not properly monitor the awarding and disbursing of financial aid to certain students.

**QUESTIONED COSTS**

For purposes of this condition, we have questioned costs as follows:

	<u>Amount</u>
Federal Family Education Loan Program	\$2,901
Federal Work-Study Program	<u>281</u>
Total	<u>\$3,182</u>

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

99-06 - Aid Exceeded Documented Need

**EFFECT**

The failure of **the University** to consider all available resources resulted in the over-awarding of financial aid.

**RECOMMENDATION**

We recommend that **the University** adhere to established procedures and ensure that the total financial aid received by students does not exceed their documented need.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE**

**Audit Finding Reference Number**

99-07- Special Reporting

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.038 - Federal Perkins Loan Program

CFDA 84.033 - Federal Work-Study Program

**FEDERAL AWARD YEAR**

June 30, 1999

**FEDERAL AGENCY**

U.S. Department of Education

**PASS-THROUGH ENTITY**

None

**CRITERIA**

OMB Circular A-133, Compliance Supplement Part 5, Student Financial Assistance Programs, Section III, Part L-3 (a) specifies that certain information per the Fiscal Operations Report and Application to Participate (the FISAP) must agree to certain accounting and programmatic records.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number**

99-07- Special Reporting

**CONDITIONS AND PERSPECTIVES**

We noted during our audit that certain financial information reported on the FISAP did not agree to the University's accounting and programmatic records as follows:

<u>PART NUMBER</u>	<u>DESCRIPTION</u>	<u>FISAP AMOUNT</u>	<u>AMOUNT PER UNIVERSITY'S RECORDS</u>
III	Federal Perkins, Section A		
	Cash on Hand	-0-	108,257
	Institutional Capital		
	Contributions	432,516	415,231
	Interest income		
	on Loans	1,704,485	1,759,910
	Other Income	146,106	67,846
IV	Federal Work-Study		
	Total Earned		
	Compensation	643,982	612,276
	Administration Cost		
	for FWS and FSE0G	69,237	66,712

**CAUSE**

Certain financial and programmatic information was erroneously transferred to the FISAP.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

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**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

99-07- Special Reporting

**QUESTIONED COSTS**

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

**EFFECT**

**The University** failed to properly report certain information to the Department of Education.

**RECOMMENDATION**

We recommend that management of **the University** adhere to established procedures and ensure that information reported on the FISAP is accurate.

**GRAMBLING STATE UNIVERSITY**  
**STATUS OF OTHER AUDITS**

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1. PROGRAMMATIC REVIEW OF STUDENT FINANCIAL AID

We noted during our June 30, 1997 audit that the Internal Auditor of **the University** had performed a review of **the University's** adherence to certain financial aid regulations as required by the U.S. Department of Education. Such a review was mandated by the U.S. Department of Education in a letter dated July 10, 1997 that was pertinent to the June 30, 1995 year and a program review dated September 1997.

As a result of the Internal Auditor's review, it was determined that approximately \$213,300 of financial aid was possibly disbursed to students who did not meet satisfactory academic progress during the year ended June 30, 1995. Additionally, for the 1996-1997 year, the Internal Auditor determined that approximately \$491,990 of financial aid funds were possibly disbursed to ineligible students.

CURRENT STATUS

During the year ended June 30, 1998, **the University** received a notification from the Department of Education that a monetary liability of \$75,206 was assessed with regard to the June 30, 1995 year. This amount was paid prior to June 30, 1998.

On July 22, 1998, **the University** received a final determination from the U.S. Department of Education which indicated that certain findings were considered closed based upon corrective actions taken by **the University**. However, the U.S. Department of Education assessed a monetary liability for two findings totaling \$342,566 which was paid. On July 12, 1999, **the University** received a notification from the U.S. Department of Education that the liability of \$342,566 had been paid in full.

**GRAMBLING STATE UNIVERSITY**

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**EXIT CONFERENCE**

The audit report was discussed at an exit conference which was held with representatives of the University. Those individuals participating were as follows:

**GRAMBLING STATE UNIVERSITY**

Mr. James E. Scott	--	Acting Vice President-Finance
Ms. Alvina Thomas	--	Financial Aid Director
Ms. Anna Rugege	--	Assistant Financial Aid Director
Ms. Brenda Willis	--	Grants Administration
Ms. Phyllis Spriggins	--	Acting Comptroller

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Michael B. Bruno, CPA, CGFM	--	Managing Partner
Mr. Edward J. Phillips, Jr.	--	Senior Manager
Mr. Sean Bruno, CPA	--	Senior Auditor

The University's responses to the audit report are provided under a separate transmittal.

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

May 25, 2000

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

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Lead Auditor: BRUNO & TERVALON, Certified Public Accountants  
Michael B. Bruno, CPA, CGFM, Managing Partner  
Edward J. Phillips, Jr., Senior Manager

License Number: L 1218

Telephone Number: (504) 482-8733

The audit field work was performed between July 31, 1999 and May 25, 2000 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: Southern Association of Colleges and Schools, and the National Council for Accreditation of Teacher Education.

The institution utilizes a SFA Servicer.

EEG Technologies, Inc.  
2400 Reynolda Road  
Winston-Salem, North Carolina 27106

The following functions are provided by this SFA Servicer:

1. Billing Students - Perkins Loans
2. Collection of Loan principal and interest - Perkins Loans
3. Processing of cancellations and deferments - Perkins Loans

A review of the Servicer's internal control 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

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

RECEIVED  
LEONARD A. MORET, JR., AUDITOR

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the President of  
**Grambling State University**

In planning and performing our audit of the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 1999, we considered the **University's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control, and improving operating efficiency. The memorandum that accompanies this letter summarizes our comment and recommendation regarding the matter. This letter does not affect our report dated May 25, 2000, on the Schedule of Expenditures of Federal Awards of **the University**.

*We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with management, and we will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.*

**GRAMBLING STATE UNIVERSITY  
COMMENTS TO MANAGEMENT**

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**Federal Cash Drawdowns**

We noted during our audit that **Grambling State University (the University)** did not drawdown from the federal government and state agencies sufficient funds in relationship to actual grant expenditures. Furthermore, for the Federal Work-Study program, **the University** did not drawdown any federal funds during the year, and their remains open reimbursement requests for certain costs incurred in the prior year.

We were informed by current management that it appears former management observed very conservative fiscal procedures with respect to cash drawdowns due to the problems experienced with the computer conversion process.

We recommend that immediate steps be taken to ensure that all open grant reimbursement requests are performed. Also, we recommend that management adhere to previously established procedures to ensure that required reimbursements of grant expenditures are made on a timely basis.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

May 25, 2000

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GRAMBLING STATE UNIVERSITY  
INDEPENDENT AUDITORS'  
COMMENTS TO MANAGEMENT  
AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999

Federal Cash Drawdowns:

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

We concur. The status to grant reimbursements is current. The necessary steps have been taken to assure that the university will invoice and drawdown reimbursements on a monthly basis as referenced in each individual grant guideline.

**GRAMBLING STATE UNIVERSITY  
FINANCIAL MANAGEMENT SYSTEMS  
AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999**

Response to Audit Finding 99-01.

**University's Response**

Grambling State University concurs with the finding. GSU has executed a management agreement with SCT, the software vendor for Banner 2000, to continue training of the Finance Division staff. This training has involved the Accounting, Purchasing, Property and Receiving, Human Resources and Information Resource departments. Grambling State University is now producing monthly financial statements using the system.

Also, internal control procedures have been and continue to be enhanced and strengthened to ensure that a reoccurrence of the financial conversion does not happen in future operating system upgrades.

**GRAMBLING STATE UNIVERSITY  
FINANCIAL MANAGEMENT SYSTEMS  
AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999**

Response to Audit Finding 99-02

**Federal Programs**

U.S. Department of Defense  
U.S. Department of Education

**University's Response**

As in 99-01 - Financial Management Systems response, Grambling State University is taking the necessary steps to ensure current success in using the Banner 2000 operating system. Additional modules of the system have been installed and training is underway to assure future success. Assessments of usage by departments presently using the system are underway and training from SCT is scheduled into fiscal year 2001.

GRAMBLING STATE UNIVERSITY  
INTERNAL CONTROL OVER COMPLIANCE  
AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999

Response to audit finding 99-03

**CONDITIONS AND PERSPECTIVE:**

We noted during our audit that certain grant expenditures reflected on the related federal financial reports submitted during the year ended June 30, 1999 did not agree in total to the grant expenditure amounts summarized for the schedule of expenditures of federal awards.

**RESPONSE:**

We concur. The administration of grants was located in the Accounting Office totally during fiscal year 98 and three-fourths in fiscal year '99; grants accounting was moved back to Grants Administration on March 1, 1999.

The reconciliation of expenditures and drawdowns began immediately after the grants accounting movement to Grants Administration and was delayed by computer systems conversion problems. The reconciliation for the grants accounts located in the Restricted Fund was completed on September 30, 1999.

**GRAMBLING STATE UNIVERSITY  
STUDENT FINANCIAL AID & SCHOLARSHIPS  
AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999**

Response to audit finding 99-05 – Satisfactory Academic Progress

CONDITIONS AND PERSPECTIVE

We noted during our audit that two (2) students out of seventy (70) tested were awarded and received financial aid, although the students did not meet the University standards for achieving satisfactory academic progress.

RESPONSE and PROPOSED CORRECTIVE ACTION PLAN:

We concur. Coordination with the Information Resource Center has been completed to ensure that the computer files used to monitor satisfactory academic progress status will indicate a blank for transfer and former students. The blank will be updated to a "Y" to indicate satisfactory academic progress and an "N" to indicate unsatisfactory status after the student's academic transcript has been reviewed. Self-audits will be conducted at the beginning of each processing period to check the SAP status of transfer and former students indicated in the electronic file after the students have been admitted.

ANTICIPATED COMPLETION DATE:

The self-audits will be completed on a bi-weekly basis by generating a report from the Admission's electronic file of transfer and former students admitted.

CONTACT PERSON:

**Anne Rugege, Director**

Response to audit finding 99-06 -- Aid Exceeded Documented Need

CONDITIONS AND PERSPECTIVE

During our audit we noted that five (5) students out of (70) tested received financial aid in excess of their documented need.

RESPONSE and PROPOSED CORRECTIVE ACTION PLAN:

We concur. Training sessions for staff will be conducted prior to the beginning of each period for processing students' financial aid packages. Self-audits will be performed by members of management once a semester to identify areas of weakness/errors. Further training will be scheduled to ensure that all staff members are following the same procedures.

Reminders will be sent to all departments stressing the importance of timely completion of paper work to ensure approval to award scholarships, stipends, service awards, fee waivers, and graduate assistantships. Timely notification of the above awards will allow the staff to accurately package students' aid without exceeding the documented need.

ANTICIPATED COMPLETION DATE:

There is no completion date because the training will continue through out the year. However, training for the various award periods will be completed as follows:

**Fall & Spring Processing**  
**Summer Processing**

**April 1**  
**March 1**

CONTACT PERSONS:

**Kay Harper-Hayes, Coordinator for Fiscal Operations & Counseling**  
**Monica Bradley, Coordinator for Training**  
**Julia Myles, Coordinator for Scholarships**

**GRAMBLING STATE UNIVERSITY**

**AUDIT FINDINGS FOR FISCAL YEAR  
ENDED JUNE 30, 1999**

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Response to Audit Finding 99-07

Conditions and Perspective

The Independent Auditors noted that certain information reported on the FISAP did not agree to **the University's** accounting and programmatic records.

Response

**The University** will adhere to established procedures and ensure that the FISAP report contains accurate information.

Anticipated Completion Date

September 30, 2000

Contract Person

Mr. James Scott

RECEIVED  
LEGISLATIVE COUNCIL  
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**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: \_\_\_\_\_

For the year Ended June 30, 1999

Finding Title: College Work-Study Conflicts

Reference Number (from attached schedule of findings): 96-G-221-gramb9

Amount of Questioned Costs in Finding: \$ 27

Status of Questioned Costs(check one): Resolved:  Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to the federal government? Are they still in negotiation?

The University has resolved the questioned costs with the Department of Education.

Page Number(from Single Audit Report): 221

Federal Grantor Agency: United States Department of Education

CFDA Number(s):

Status of Finding(check one):  
Fully Corrected  Not Corrected  
Partially Corrected  No Further Action Needed  
Change of Corrective Action

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Coordinator for Student Employment is responsible for making sure that students are not allowed to work during class hours.

Preparer's Signature: Alvina Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: \_\_\_\_\_

For the Year Ended June 30, 1999

Finding Title: 97-06 Theft of Stipend Checks

Reference Number (from attached schedule of findings): E-97-DOD-GSU-1, E-97-NSF-GSU-1

Amount of Questioned Costs in Finding: \$ 4,222.00

Status of Questioned Costs (check one): Resolved xx Unresolved: \_\_\_\_\_

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

This issue is resolved. The charges for the checks were transferred to a receivable account established for the student to repay.

Page Number (from Single Audit Report): 85

Program Name(s): ONR Institute in Pursuit of Graduate School, Research Careers

Federal Grantor Agency: Office of Naval Research and National Science Foundation

CFDA Number(s): 12.300

Status of Finding (check one):

Fully Corrected xxx

Partially Corrected \_\_\_\_\_

Change of Corrective Action \_\_\_\_\_

Not Corrected \_\_\_\_\_

No Further Action Needed \_\_\_\_\_

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.**

Preparer's Signature: Brenda A. Willis

Phone Number: (318) 274-2558

**SCHEDULE 8-3**  
**SUMMARY OF SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the year Ended June 30, 1999

Finding Title: Nursing Student Loan Program

Reference Number(from attached schedule of findings): F-97-HHS-GSU-2

Amount of Questioned Costs in Finding: \$ 55,057

Status of Questioned Costs(check one): Resolved  Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to the federal government? Are they still in negotiation?

The amount of \$ 8,070 has been reconciled to \$ 320. This amount will be written off by the University. The federal share of the remaining balance of \$ 46, 987 was submitted to the Department of Health and Human Services. The federal share totaled \$ 38,325.

Page Number(from Single Audit Report): 124

Program Name(s):

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s):

Status of Finding(check one):

Fully Corrected

Not Corrected

Partially Corrected

No Further Action Needed

Change of Corrective Action

Description of Status:(include corrective action planned and anticipated completion date, if applicable):

The University has taken corrective action by hiring an outside servicing agency, EFG Technologies, to service the remaining Nursing loan portfolio. The accounts were submitted to the servicer as of March 31, 1999.

Preparer's Signature: Alvina Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the Year ended June 30, 1999

Finding Title: Satisfactory Academic Progress

Reference Number (from attached schedule of findings): F-97-ED-GSU-2

Amount of Questioned Cost in Finding: \$ 62,684

Status of Questioned Costs (check one): Resolved                      Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to the federal government? Are they still in negotiation?

The University is awaiting billing from the Department of Education.

Page Number (from Single Audit Report): 97

Federal Grantor Agency: United States Department of Education

Programs Name(s):

CFDA Number(s):

Status of Finding (check one):

Fully corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University implemented a new Satisfactory Academic Progress (SAP) Policy that took effect May 1998. A new SAP Committee, which consists of University faculty and financial aid staff members, carefully reviews SAP appeals for proper documentation before approving or denying appeals.

Preparer's Signature:

Alvina Thomas

Phone Number:

318-274-6190

**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District

For the year Ended June 30, 1999

Finding Title: Federal Family Loan Limits

Reference Number (from attached schedule of findings): F-97-Ed-GSU-3

Amount of Questioned Costs in Finding: \$ 6,554

Status of Questioned Costs (check one):      Resolved                      Unresolved:

Briefly describe the status of the Questioned Cost. Were they refunded to the federal government? Are they still in negotiation?

The University is awaiting billing form the Department of Education

Page Number (from Single Audit Report): 97

Program name(s):

Federal Grantor Agency: United States Department of Education

CFDA Number(s):

Status of Finding (check one):

Fully Corrected	Not Corrected
Partially Corrected <input checked="" type="checkbox"/>	No Further Action Needed
Change of Corrective Action	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The NSLDS section of the Student Aid Report is used to determine the aggregate loan limits when awarding student loans to students. In addition, A self-audit will be conducted November and April of each award year. The Coordinator for Fiscal Operations and Counseling and the Supervisor for Student Loans and Counseling are now responsible for conducting the self-audit.

Preparer's Signature: Alvina Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: \_\_\_\_\_

For the Year Ended June 30, 1999

Finding Title: Programmatic Review of Student Financial Aid

Reference Number (from attached schedule of findings): F-97-ED-GSU-5

Amount of Questioned Costs in Finding: \$ 563,604

Status of Questioned Costs (check one): Resolved  Unresolved: \_\_\_\_\_

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

Refunded to the Department of Education  
The Federal Department of Education's notification reduced the  
questioned cost amount to \$ 249,761 which was repaid to the federal  
government on June 30, 1999.

Page Number (from Single Audit Report): 97

Program Name(s): \_\_\_\_\_

Federal Grantor Agency: United States Department of Education

CFDA Number(s): \_\_\_\_\_

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	_____
Partially Corrected	_____	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (Include corrective action planned and anticipated completion date, if applicable):

The University implemented a new Satisfactory Academic Progress (SAP)  
policy that took effect May 1998. A new SAP Committee, which consists  
of University faculty and financial aid staff members, carefully reviews  
SAP appeals for proper documentation before approving or denying appeals.

**NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.**

Preparer's Signature: Alvina Thomas

Phone Number: 318-274-6140

**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the year Ended June 30, 1999

Finding Title: Federal Supplemental Educational Opportunity Grants

Reference Number(from attached schedule of findings): F-97-ED-GSU-6

Amount of Questioned Costs in Finding: \$ 92,805

Status of Questioned Costs(check one): Resolved  Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to the federal government? Are they still in negotiation? Funds were refunded to the

Department of Education and considered repaid as of June 30, 1999.

Page Number(from Single Audit Report): 97

Program Name(s):

Federal Grantor Agency: United States Department of Education

CFDA Number(s):

Status of Finding(check one):

Fully Corrected

Not Corrected

Partially Corrected

No Further Action Needed

Change of Corrective Action

Description of Status (include corrective action planned and anticipated completion date, if applicable):

The Director of Student Financial Aid monitors the SEOG fund account to make sure no awards are made after the end of the academic year. Reports are generated and reviewed on a monthly basis.

Preparer's Signature: Alvin Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the Year Ended June 30, 1999

Finding Title: Satisfactory Academic Progress

Reference Number (from attached schedule of findings): F-98-ED-GSU-1

Amount of Questioned Costs in Finding: \$ 27,067

Status of Questioned Costs (check one): Resolved                      Unresolved:

Briefly describe the status of the Questioned Cost. Were they refunded to the federal government? Are they still in negotiation?

The University is awaiting billing from the Department of Education.

Page Number (from Single Audit Report): 84

Program Name(s):

Federal Grantor Agency: United States Department of Education

CFDA Number (s):

Status of Finding (check one):

Fully Corrected

Not Corrected

Partially Corrected

No Further Action Needed

Change of Corrective Action

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University plans to implement the Banner software system. The system contains a financial aid software module that will track satisfactory academic progress accurately. The schedule date for implementation is unknown at this time. A Satisfactory Academic Progress Committee has been formed that includes University faculty and staff and financial aid staff members. This committee ensure students' appeals are reviewed carefully for proper documentation before appeals are approved or denied.

Preparer's Signature: Alvina Thomas

Phone Number: 318-224-6190

**SCHEDULE 8-3**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the Year ended June 30, 1999

Finding Title:            Student Eligibility

Reference Number (from attached schedule of findings):    F-98-ED-GSU-2

Amount of Questioned Costs in Finding:    \$ 7,275

Status of Questioned Costs (check one):    Resolved                                  Unresolved:    **X**

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

The University is awaiting billing from the Department of Education.

Page Number (from Single Audit Report):    85

Federal Grantor Agency:    United States Department of Education

Programs Name(s):

CFDA Number(s):

Status of Finding (check one):

Fully Corrected

Partially Corrected    **X**

Change of Corrective Action

Not Corrected

No Further Action

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The office has implemented a self-audit system to be conducted twice within the award year. The first self-audit will be conducted November of this year and the follow-up audit will be April of 2000 with similar audits to be conducted each award year. The Coordinator of Fiscal Operations and the Supervisor for Counseling and Student Loans will be responsible for conducting this self-audit. The corrected documentation for the student that was questioned is attached.

Preparer's Signature: *Alvina Thomas*

Phone Number: 318-274-6190