

2004

STATE OF LOUISIANA  
LEGISLATIVE BUDGET COMMISSION  
BPOB 11-13-02

**GRAMBLING STATE UNIVERSITY  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2002**

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: 11/02/02

## TABLE OF CONTENTS

---

	<b>PAGE</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, 2002 .....	4
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, 2002 .....	24
II -- Schedule of Fixed Price Contracts For the Year Ended June 30, 2002 .....	25
III -- Schedule of Secondary Subrecipients of Major Federal Programs for the Year Ended June 30, 2002 .....	26
IV -- Schedule of State Agency/University Subrecipients of Federal Programs for the Year Ended June 30, 2002 .....	27
V -- Schedule of Intra-Agency Expenditures of Federal Awards For the Year Ended June 30, 2002 .....	28

**TABLE OF CONTENTS, CONTINUED**

---

	<b>PAGE</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 .....	33
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	37
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS:</b>	
Schedule I - Summary of the Independent Auditors' Results .....	42
Schedule II - Financial Statement Findings for the Year Ended June 30, 2002 .....	44
Schedule III - Federal Award Findings and Questioned Costs for the Year Ended June 30, 2002 .....	45
EXIT CONFERENCE .....	29
AUDIT INFORMATION SCHEDULE .....	71



**Members**

Member-Individual of  
Certified Public Accountants  
Member of Institute of  
Certified Public Accountants

Michael H. Brown, CPA  
Wade J. Matthews, Jr., CPA  
Wade J. Morris, Jr., CPA

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

Dr. Neel F. Warner, Acting President  
Grambling State University  
Grambling, Louisiana 71245

We have audited the accompanying Schedule of Expenditures of Federal Awards of Grambling State University (the University) for the year ended June 30, 2002. The Schedule of Expenditures of Federal Awards is the responsibility of the management of the University. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of the University's component unit financial statements for the year ended June 30, 2002. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report dated September 25, 2002 contained an unqualified opinion on the general purpose financial statements.

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

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

Dr. Neal F. Warner, Acting President  
Grambling State University  
Grambling, Louisiana 71045  
Page 2

In our opinion, the accompanying Schedule of Expenditures of Federal Awards of Grambling State University presents fairly, in all material respects, the expenditures of federal awards for the year ended June 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

As further discussed in NOTE 6, the Legislative Auditor and the Internal Auditor of Grambling State University are presently performing reviews of certain federal and state grants that might result in instances of non-compliance with respect to federal and state awards programs. The determination of whether the identified instances will ultimately result in a disallowance of costs cannot be presently determined. The Schedule of Expenditures of Federal Awards does not include any adjustments for these matters.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2002 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report disclosed instances of noncompliance that may be material to the Schedule of Expenditures of Federal Awards, but for which the ultimate resolution cannot presently be determined.

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

Dr. Neazi F. Warner, Acting President  
Grambling State University  
Grambling, Louisiana 71245  
Page 3

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

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

September 30, 2003

**GRABLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	AMOUNT
<b>U.S. Agency for International Development</b>			
Agency for International Development			
Agency for International Development			
Thurgood Marshall College Fund			
International Development Partnership	N/A	911046H	3,139,218
<b>Total U.S. Agency for International Development</b>			<u>3,139,218</u>
<b>U.S. Department of Commerce</b>			
Department of Commerce			
Economic Adjustment Assistance			
Technology Opportunity Programs	11.981		87,218
	11.931		<u>186,382</u>
<b>Total U.S. Department of Commerce</b>			<u>273,600</u>
<b>U.S. Department of Defense</b>			
Department of Defense			
Department of Defense High Performance Computing Program	N/A	972-0591-97	6,230
<b>Total U.S. Department of Defense</b>			<u>6,230</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, 2002**

---

FEDERAL AGENCY/ORGANIZATION NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of the Army			
Direct Award U.S. Army ROTC Cadet Command	DA3194-86-F-0403		\$ 11,777
Research and Development Center Direct Award Passive and Disturbed Evaluation, Visualization and Forecasting to Advanced Distributive Interactive Simulation Technology	DA3194-95-1-0250		117,778
<b>Total U.S. Department of the Army</b>			<b>129,555</b>

The accompanying notes are an integral part of this Schedule.

**GRANDLENG STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACRIFACTS
<b>U.S. Department of the State</b>			
<i>Biomedical/Developmental/Child: Continued</i>			
<i>Direct Award:</i>			
Basic and Applied Scientific Research	12-308	---	\$ 110,000
Synthetic Chemistries of Polymers	12-418	---	16,681
			176,681
<b>Total U.S. Department of the State</b>			
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Award:</i>			
Minority Black College and Universities Program	14-207	---	8,812
			8,812
<b>Total U.S. Department of Housing and Urban Development</b>			
<b>U.S. Department of the Interior</b>			
<i>Direct Award:</i>			
U.S. Geological Survey - Research and Data Acquisition	15-908	---	629
			629
<b>Total U.S. Department of the Interior</b>			

The accompanying notes are an integral part of this Schedule.

GRANBING STATE UNIVERSITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2002

FEDERAL AGENCY/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PROG-TITLE/UM BOTTLE'S NUMBER	AMOUNT
U.S. Department of Labor			
State Assist Employment and Training Administration	17-249	-----	\$ 180,760
Grant from State/Regional Entity Through Coordinating and Development Corporation Workforce Investment Act	17-219	10124-CBSC	3,412
Total U.S. Department of Labor			184,172
U.S. Department of Treasury			
Grant from State/Regional Entity Through Alcohol, Tobacco, and Firearms Training Assistance Grant	21-312	ATF-0664	3,029
Total U.S. Department of Treasury			3,029

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, 2002

FEDERAL GRANTOR/ORGANIZATION NAME	FEDERAL CFDA OR GENERAL NUMBER	FISCAL YEAR/GRANT ENTITY'S NUMBER	ACTIVITY
National Aeronautics and Space Administration Grant from a Non-Supervised Entity Through Research University CSTBA HBCU Academic Research Consortium	41.000	NCC-0797	5 49424
Grant from a Non-Designated Entity Through New Mexico Highlands University Alliance for Non-Linear Optics Synthesis and Characterization of Polymers	50A N07Y-00729	NAAGR-1-208 E122928	8.000 1.600
Total National Aeronautics and Space Administration			96.100
National Science Foundation			
Direct Annual Education and Human Resources	47.376		65.722
Total National Science Foundation			65.722

The accompanying notes are an integral part of this Schedule.

**GRABBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL AGENCY/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH AGENCY'S NUMBER	AMOUNT
<b>U.S. Department of Energy</b>			
<i>Research and Development/Choice</i>			
<i>Construction</i>			
Fuel, Energy Research and Development	51.049	-----	\$ 11,808
			<u>11,808</u>
<b>Total U.S. Department of Energy</b>			

The accompanying notes are an integral part of this Schedule.

**GRANDMOUNTAINS UNIVERSITY**  
**SCHEDULE OF DISBURSEMENTS OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2003**

<u>FEDERAL GRANT/AGREEMENT/COOPERATIVE AGREEMENT TITLE</u>	<u>FEDERAL FUND OR OTHER SOURCE</u>	<u>FISCAL YEAR/THROUGH DATE OF FUNDING</u>	<u>ACTIVITY</u>
<b>U.S. Department of Education</b>			
Direct Award			
Higher Education - Institutional AID	84.001	---	\$ 1,254,412
Child Care Assn's	84.000	---	30,000
Sub-total			<u>1,271,372</u>
Dis-Grant			
Direct Award			
Business Support Services	80.812	---	115,549
Upward Bound	84.847	---	342,288
Sub-total - Dis-Grant			<u>457,837</u>
<b>Student Assistance Foundation-Grants</b>			
Direct Award			
Federal Supplemental Educational Opportunity Grants	84.007	---	680,206
Federal Family Education Loans	84.002	---	26,851,119
Federal Work-Study Program	84.003	---	701,440
Federal Pell Grant Program	84.000	---	3,881,130
Sub-total - Student Assistance Foundation-Grants			<u>4,843,795</u>
<b>Total U.S. Department of Education</b>			<u>\$5,273,004</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, 2002**

FEDERAL ORIGINATOR/PROGRAM NAME	FEDERAL CFDA OR QUIP NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
<b>U.S. Department of Health and Human Services</b>			
<i>Direct Awards</i>			
Mental Health National Research Service Awards	95-282	-----	\$ 228,399
Research for Mothers and Children	95-285	-----	194,125
Minority Access to Research Careers	95-990	-----	113,199
Partnership for Minority Access to Biotechnology	95-990	-----	304,314
MHRC Program in Granting	95-49990000031-08	-----	198,385
Special Minority Initiative	95-990	-----	50,999
<i>Awards from a Recombinant Entity</i>			
Through National Youth Sports Program			
Community Services Block Grants-			
Discretionary Awards	95-570	99-261	90,123
International Resource Group	48DFP9401197	06G-1197	17,999
Low Income Home Energy Assistance	95-598	LEBA-234	306,347
<b>Total U.S. Department of Health and Human Services</b>			<b>909,372</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>909,372</b>

The accompanying notes are an integral part of this Schedule.

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

---

**NOTE 1 - General:**

**Grambling State University (GSU)** located in Grambling, Louisiana is an institution of higher education founded in 1903.

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

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

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

The University has an enrollment of approximately 4,500 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 \$37,739,380 for the fiscal year July 1, 2000 through June 30, 2001. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$30,280,188 and includes loans to students under the Federal Family Education Loan Program (\$19,852,353).

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

---

**NOTE 1 - General Comment:**

**Student Financial Aid**

Granbiling State University was approved during January, 1959 by the then Office of Education for participation in the Student Financial Aid Program. 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 \$8,856,176 have been made to 8,143 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)

---

NOTE 1 - General, Continued:

• 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, 2002, federal expenditures totaled \$753,440, of which \$80,145 was for administrative costs and \$673,295 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, 2002. The University was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

• 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, 2002, awards made from Federal funds aggregated \$693,208 and the University recorded indirect costs of \$34,600, which was allocated through Federal Work Study.

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

• 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 \$8,981,185 was expended for Federal PELL Grant awards to full-time and part-time students. The University received an administrative cost reimbursement of \$15,395.

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

---

**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 \$19,852,355 was disbursed to students under the Federal Family Education Loan program. The Federal Family Education Loan Program's Cohen default rate is 16.1 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 program is performed by the University's Accounting Department. Accounting is under the control of the Vice President for Finance and Financial Aid reports to the Vice-President for Enrollment Management and Academic Services.

**NOTE 2 - Basis of Presentation and Accounting:**

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

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

---

**NOTE 2 - Basis of Presentation and Accounting, Continued:**

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of Grambling State University for the year ended June 30, 2002 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 funds revenues, expenditures, and other changes of the University.

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

**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.

**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 University made loans to students of \$296,487 during the year ended June 30, 2002 using reprogrammed funds. The Program is financed by contributions from the Department of Education which are matched, at a rate 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, AMS Servicing Group, 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.
- 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 Perkins Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 2002</u>	<u>For the Year Ended June 30, 2002</u>
Federal	\$1,713,046	\$-0-
University	.....613,232	-0-
Total	<u>\$2,326,278</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 Perkins Loan Receivable:**

	Period from Inception to June 30, 2002	For the Year Ended June 30, 2002
Balance, beginning of period/year	\$ -0-	\$1,960,132
Funds advanced	8,056,176	<u>236,402</u>
<b>Total</b>	<b>8,056,176</b>	<b>2,196,534</b>
Less:		
Collections	3,482,562	3,373
Cancellations:		
Traveling service	796,241	6,164
Death	39,468	1,848
Bankruptcy	15,273	6,551
Military	983	360
Defaulted loan principal assigned to Federal Government	1,334,233	(295)
Other principal adjustments	<u>241,358</u>	<u>100,321</u>
<b>Total credits</b>	<b>5,979,950</b>	<b>120,322</b>
<b>Balance, June 30, 2002</b>	<b>\$2,076,217</b>	<b>\$2,076,217</b>

**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, 2002.

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-one 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 receivable are as follows:

*Analysis of Nursing Student Loan Contributions*

Funding Source	Period from Inception to June 30, 2002	For the Year Ended June 30, 2002
Federal	\$318,376	\$-0-
University	<u>35,353</u>	<u>0-</u>
Total	<u>\$353,729</u>	<u>\$-0-</u>

*Analysis of Repayments*

*Funding Source*

Federal	\$162,608	\$59,408
University	<u>0-</u>	<u>0-</u>
Total	<u>\$162,608</u>	<u>\$59,408</u>

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

---

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

**Analysis of Nursing Student Loan Receivable**

	Period from Inception to June 30, 2002	For the Year Ended June 30, 2002
Balance, beginning of period/year	\$ -0-	\$226,480
Funds advanced	267,941	-0-
<b>Total</b>	<b>267,941</b>	<b>226,480</b>
Less: Collections	187,733	62,119
Adjustments	50,548	50,088
Cancellations	-0-	(15,347)
<b>Total credits</b>	<b>238,281</b>	<b>96,820</b>
<b>Balance, June 30, 2002</b>	<b>\$129,660</b>	<b>\$129,660</b>

**NOTE: 4 - Department of Education Loans**

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.

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

---

**NOTE 4 - Department of Education Loan - Continued**

As of June 30, 2002, the outstanding loan balance is \$2,804,201. Payments totaling \$88,953 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

**NOTE 5 - Supplementary Financial Information:**

The Schedule of Disclosures for Federally assisted loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Student Loan Program, College Housing Facilities Loans, the Perkins Loan, the NSL Programs and the Department of Education. Additionally, the Schedule summarizes the amount of principal and interest 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 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.

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

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

---

**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.

The audit disclosed certain items or transactions as questioned costs. Also, the Legislative Auditor and the Internal Auditor of the Grambling State University are presently performing investigations of certain federal programs. The accompanying Schedules of Expenditures of Federal Awards have not been adjusted for those items.

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

---

**NOTE 7 - Major Federal Financial Assistance Programs:**

Grambling State University major federal financial assistance programs for the year ended June 30, 2002 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, Title Cluster, Child Welfare Grant, the Workforce Investment Act Grant and the Research and Development Cluster.

**NOTE 8 - Private Grants:**

The University expended \$128,699 for activities associated with private grants for the year ended June 30, 2002.

## **SUPPLEMENTAL DATA**

**SCHEDULE J**

**GRANBING STATE UNIVERSITY  
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS  
FOR THE YEAR ENDED JUNE 30, 2002**

Program Name/Title	Federal CFDA NO.	Loans Made or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
Federal Family Education Loan Program	84.052	\$11,852,355	N/A	N/A
Perkins Loan Program	84.058	\$20,487	\$2,078,217	N/A
Working Student Loan Program	83.364	\$0	\$128,660	N/A
College Housing and other Facilities Loans	84.340	N/A	\$1,811,111	N/A
National Defense/ Perkins Loans Military and Teacher Cancellations by Loans Made:				
Prior to July 1, 2002	84.007	N/A	N/A	\$ 266
After July 1, 2002	84.007	N/A	N/A	\$18,089
Department of Education - Housing Act of 1990	---	N/A	\$1,804,281	N/A

See the Independent Auditor's Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FIXED PRICE CONTRACTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

---

<b>Program Name</b>	<b>CITA No.</b>	<b>Semester</b>	<b>Period</b>	<b>Revenues</b>
(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, 2002.

See the Independent Auditor's Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF SECONDARY SUBRECIPIENTS  
OF MAJOR FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor	CFDA or Other Number	Program Name	Activity	Secondary Subrecipient
U.S. Department of the Army- Research and Development Cluster	DAAB04- 95-1-0250	Parallel and Distributed Evaluation	\$ 75,585	University of Houston
U.S. Department of the Army- Research and Development Cluster	DAAB04- 95-1-0250	Parallel and Distributed Evaluation	126,568	Florida A&M
U.S. Department of the Army - Research and Development Cluster	DAAB04 95-1-0250	Parallel and Distributed Evaluation	<u>74,042</u>	University of Central Florida
Total			<u>\$276,195</u>	

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE IV**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF STATE AGENCY/UNIVERSITY SUBSCRIPTIONS  
FOR FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

<b>Federal Sponsor</b>	<b>CFDA or Other Number</b>	<b>Program Name</b>	<b>Activity</b>	<b>Secondary Subscriber</b>
U.S. Department of Health Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	\$98,739	Bossier Community College
U.S. Department of Health and Human Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	9,099	Louisiana State University
U.S. Department of Health Services- National Institute of Health	2R256M51 773-02	Partnership for Minority Access	500	Southern University System
<b>Total</b>			<b>\$98,238</b>	

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE V**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF INTER-AGENCY EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
U.S. Department of Labor- Welfare to Work Grants to States and Localities	17.125	Louisiana Department of Labor	5,583,289
U.S. Department of Labor- Mississippi Educational Resources for Learning and Career Training	14-01-MERLOT- 97-0001	Board of Regents	1,348
U.S. Department of Labor- Teacher Academic Preparation Center	30A	Southern University A&M College System	8,977
U.S. Department of Labor- Parityal Studies in a Distance	14-01-000- 97-0001	Board of Regents	16,473
U.S. Department of Labor- Strengthening Economic Education	1800E (2000-01) E001-EB-01	Board of Regents	22,661

SCHEDULE V

GRAMBLING STATE UNIVERSITY  
 SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED  
 FOR THE YEAR ENDING JUNE 30, 2002

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
U.S. Department of Labor- State School Improvement Fund	N/A	State of Louisiana Department of Education	\$ 1,500
U.S. Department of State- Anti Terrorism Training	4044TA0017	Louisiana State University	60,560
U.S. Department of Labor- TST Quest	N/A	Board of Regents	42,375
U.S. Department of Labor- Structured Teacher Enhancement Program-CITLAL Program	N/A	State of Louisiana Department of Education	5,584
U.S. Department of Labor- Reading Renewal Program	923600-405625	Louisiana Tech University	407

SCHEDULE Y

GRAMBLING STATE UNIVERSITY  
 SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2002

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER	FY		
U.S. Department of Airarms Bureau of Environmental Sciences	F496200110134		Louisiana Tech University	\$ 3,873
U.S. Department of Energy- State Energy Program Evaluating Corrosion Inhibitors/Adhesion of Thermal Sprayed Zinc-rich Coatings on Steel	81.041 D005LE008P (1099-0700)		Department of Natural Resources University of Louisiana at Lafayette	87,786 28,916
Department of Transportation- Surface Transportation Division Campaign	257PT3		Louisiana Highway Safety Comm.	(190)
Department of Transportation- Safe & Sound Campaign	20.094		Louisiana Dept. of Public Safety	4,868

**SCHEDULE V**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL ORIGINATOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
U.S. Department of Labor- Workforce Investment Act/School to Work	17-259		Louisiana State University	\$ 4,880
U.S. Department of Labor- Workforce Investment Act/Workers to Work	17-253		Louisiana Department of Labor	47,468
U.S. Department of Labor- Workforce Development Training Fund	17-255		Northeastern State University	98,991
U.S. Department of Agriculture- Summer Food Service Program for Children	16-558		Louisiana Department of Education	66,052
U.S. Department of Energy Situated Teacher Enhancement Program	EDU-7248 (4)		State of Louisiana Department of Education	19,283

SCHEDULE Y

GRAMBLING STATE UNIVERSITY  
 SCHEDULE OF INTER-AGENCY EXPENDITURES, CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2002

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
National Science Foundation- Tech@SU Inter Faculty in Physics Micro/Nano Technology	47 EFP00002 NSF/LEQ0001-04	Louisiana Tech University	5,75,705
Microfabrication Research	R1122	Board of Regents	9,840
Mathematical and Physical Sciences Initiative of Technology	47-049 LEQ00006-01 E9112004	Board of Regents	162,428
		Board of Regents	18,840
U.S. Department of Army- Center for Advanced Drabla	D-0400-090008	Louisiana Tech University	32,810
Corporation for National and Community Service-AmeriCorps	94-006	Louisiana Department of Education	6,253
Total			\$918,940



INDEPENDENT AUDITORY 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  

---

 (CONTINUED)

### **Compliance**

As part of obtaining reasonable assurance about whether the University's Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests of compliance disclosed an instance of non-compliance that is required to be reported under Government Auditing Standards which may be material to the Schedule of Expenditures of Federal Awards, but the ultimate resolution cannot presently be determined. This instance of non-compliance is identified in Schedule II as audit finding 2002-01.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, except for the functions performed at the University's Service Bureaus in connection with processing transactions for the MEDL/Parkins program and Nursing Student Loan 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.

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  

---

 (CONTINUED)

However, 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 judgment, 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 2002-01.

For the information system internal control integration at the Service Bureau, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of AMS Servicing Group present fairly, in all material respects, the aspects of AMS Servicing Group's controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if these controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2002. The other accountants' report has been furnished to us as of our report issuance date in which an unqualified opinion was expressed regarding the previous noted controls.

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

---

(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 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 believe the reportable condition previously described is a material weakness.

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

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

*Bruno & Tervalan LLP*  
BRUNO & TERVALAN LLP  
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2002

**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael T. Brown, CPA  
Michael J. Tervalon, A., CPA  
Richard J. Brown, A., 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. Neill F. Warner, Acting President  
Grambling State University  
Grambling, Louisiana 71245**

**Compliance**

We have audited the compliance of Grambling State University (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. The component unit financial statements were audited by the State of Louisiana Legislative Auditor whose report dated September 25, 2002 contained an unqualified opinion on the general purpose financial statements. The University's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and

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)

perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with these requirements.

In our opinion the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with these 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 2002-02 through 2002-02.

Also, as described in audit finding 2002-04, the Office of the Legislative Auditor and the Internal Auditor of Grambling State University are investigating certain conditions that have been identified for the Federal Work-Study Program. Resolving the instances of noncompliance is the responsibility of the management of the University, and federal officials. The determination of whether the identified instance of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, no adjustments for any disallowance that may result has been made to the federal program amounts listed in the accompanying Schedule of Expenditures of Federal Awards.

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

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

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

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 performing our audit, except for the functions performed at the University's Service Bureau in connection with processing transactions for the NDSL/Perkins and Nursing Student Loans programs, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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 item numbers 2002-02, 2002-03, 2002-07, 2002-08, 2002-09, 2002-10, 2002-11, and 2002-12.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMBI 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 consider audit findings 2002-02, 2002-03, 2002-07, 2002-09, 2002-10, and 2002-11 to be material weaknesses.

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

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, LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

September 29, 2002

**SCHEDULE I**  
**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**

**CHAMPLING STATE UNIVERSITY**  
**SCHEDULE OF FINANCES AND QUESTIONED COSTS**  
**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

---

1. Type of report issued on the Schedule of Expenditures of Federal Awards: Unqualified.
  
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 non-compliance which is material to the financial statements of the organization: Uncertainty.
  
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: Unqualified.
  
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, 2002**

---

9. The following is an identification of major programs:

CFDA Number	Federal Program
13.DA4H-04-99-1-0250	Panel and Distributed Evaluation
13-300	Basic and Applied Scientific Research
84.042	Trip-Student Support Service
84.047	Trip-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
84.078	Federal Perkins Loan Program
93.344	Nursing Student Loans
93.CF45 543789	Child Welfare Grant
17.259	Workforce Investment Act Youth Activities

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 320(h) is as follows:

Program	Amount
Type A	Major Programs are determined on a State level.

11. Did the auditor qualify as a low-risk auditor under OMB Circular A-133, Section 320:  
No.

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

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FINANCIAL STATEMENTS FINDINGS**

---

**COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

2002-01 - Allowable Activities and Allowable costs

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

84.003 - Federal Work-Study  
84.200 - Department of Education Technology Challenge Grant  
17.283 - Welfare-to-Work Grants to States and Localities  
17.285 - Work Force Development Training Fund  
17.289 - Work Force Investment Act - Welfare-to-Work

**Condition and Recommendation**

As described in Audit Finding Number 2002-02, we noted during our audit that the Office of the Legislative Auditor and the Internal Auditor of Grambling State University are presently performing investigations of certain federal grants concerning unallowable costs and/or activities. It is anticipated that the investigations will be completed during the year 2003 and that related final reports will be issued thereafter.

We recommend that management of the University report the related results of the investigation and proposed corrective action to federal officials. Also, we recommend that management take immediate steps to implement the necessary corrective action.

**SCHEDULE III**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

2002-02 - Allowable Activities and Allowable Costs

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

84.033 - Federal Work-Study  
84.203 - Department of Education Technology Challenge Grant  
17.253 - Welfare-to-Work Grants to States and Localities  
17.255 - Work Force Development Training Fund  
17.259 - Work Force Investment Act - Welfare-to-Work

**Federal Award Year**

June 30, 2002

**Federal Agency**

U.S. Department of Education

**Pass-Through Entity**

NONE

**Criteria**

OMB Circular A-133 Compliance Supplement Section 3 (A) (Activities Allowed or Unallowed) and (B) (Allowable Costs) specify that Federal awards can only be expended for allowable activities and costs must be reasonable and necessary for the performance and administration of the grant.

**Condition and Perspective**

We noted during our audit that the University is presently performing an investigation of the Federal Work-Study program, as well as the management of Federal funds received by certain grant programs. As a result, the Office of the Legislative Auditor is presently performing an investigation of the programs.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**

2002-02 - Allowable Activities and Allowable Costs, Continued

**Issue**

Since the investigation has not been completed, we were unable to obtain information regarding the methodology utilized and the extent of Federal Work-Study and other Federal funds received by the University.

**Questioned Costs**

We are unable at this time to determine the amount of questioned costs.

**Effect**

The University has not maintained an adequate system of internal control to ensure compliance with federal regulations.

**Recommendation**

We recommend that management of the University complete the investigation and report the related results and proposed corrective action to federal officials and the Legislative Auditor.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number**

2002-03 - Allowable Costs

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

93.564 Nursing Student Loan Program

84.058 Perkins student Loan Program

**Federal Award Year**

June 30, 2002

**Federal Agency**

U.S. Department of Education

**Pass-Through Entity**

NONE

**Criteria**

OMB Circular A-133 Compliance Supplement Section 3(A) (Activities Allowed or Unallowed) and (B) (Allowable Costs) specify that federal awards can only be expended for allowable activities and costs must be reasonable and necessary for the performance and administration of the grant.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**

2002-05 - Allowable Costs, Continued

**Conditions and Projections**

We noted during our audit that management of the University was unable to reconcile loan amounts disbursed to student per the general ledger to a detailed listing maintained by the servicing agency, of loans awarded to students. As a result, management has decided to write-off the un-reconciled balance.

**Cause**

The University had disbursed loan funds to students but did not properly track and submit the names and student loan amounts to the servicing agency.

**Questioned Costs**

For purpose of this finding, we have questioned the amounts written-off in the amount of \$112,621 for the Perkins Loan program and \$20,529 for the Nursing Student Loan program.

**Effect**

The University is not in compliance with federal regulations.

**Recommendation**

We recommend that management take immediate steps to reconcile the difference or refund amounts written-off to the Department of Education.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number:**

2002-04 - Federal Work-Study

**Federal Program and Specific Federal Award Identification:**

**CFDA Title and Number:**

CFDA 84.033 - Work-Study Program

**Federal Award Year:**

June 30, 2002

**Federal Agency:**

Department of Education

**Pass-Through Entity:**

Not applicable

**Criteria:**

Recordkeeping Requirements, 34CFR 675.19(b) cite that a school must establish and maintain program and fiscal records that are reconciled at least monthly.

**Conditions and Perspective:**

We noted the following during our audit of the federal work-study program:

- Four (4) out of twenty-seven (27) students tested received earnings that exceeded the documented award amount.

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**  
2002-04 - Federal Work-Study, Continued

**Conditions and Perspectives, Continued**

- The students' timestamp for one (1) out of twenty-seven (27) students tested could not be located.
- Two (2) out of twenty-seven (27) students tested received earnings prior to being authorized by the financial aid office.
- One (1) out of twenty-seven (27) students tested did not sign the check distribution log prior to the receipt of their work-study check.

**Cause**

The University did not properly adhere to established university procedures which required university personnel to reconcile fiscal records on a monthly basis.

**Questioned Costs**

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

**Effect**

The University is not in compliance with Federal regulations.

**Recommendation**

We recommend that management of the University adhere to established procedures of reconciling fiscal work-study records on a monthly basis, and correct the above noted conditions.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2003**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE**

**Audit Finding Reference Number**

2002-05 - Aid Exceeded Documented Need

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.052 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2003

**Federal Agency**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

GMB Circular A-133 Compliance Supplement, Part 5, Section 9 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, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

2002 - 05 - Aid Exceeded Documented Need, Continued

**Condition and Perspective**

During our audit we noted that five (5) graduate students out of fifteen (15) 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 graduate students receiving financial aid.

**Questioned Costs**

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

	<i>Amount</i>
Federal Family Education Loan Program	<u>\$2,825</u>

**Effect**

The failure of the University to properly calculate the students cost of attendance and consider all available resources resulted in the overawarding 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, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE**

**Audit Finding Reference Number**

2002-06 - Satisfactory Academic Progress

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

CFDA 84.063 - Federal Pell Grant Program (Pell)

CFDA 84.012 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2002

**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 (8) 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, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

2002-06 - Satisfactory Academic Program, Continued

**Conditions and Projections**

We noted during our audit that one (1) student out of sixty (60) tested were awarded and received financial aid, although the students did not meet the University standards for achieving satisfactory academic progress.

**Costs**

It appears that the University inadvertently disbursed aid to an academically ineligible student.

**Questioned Costs**

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

	<u>Amount</u>
Federal Family Education Loan Program	\$6,025
Federal Pell Grant Program	850
<b>Total</b>	<b>\$7,475</b>

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

2002-05 - Satisfactory Academic Progress, Continued

**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, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

2002-07 - Satisfactory Academic Program

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

CFDA 84.007 - Federal Supplemental Educational Opportunity Grant

CFDA 84.033 - Federal Work-Study Program

CFDA 84.063 - Federal Pell Grant Program

CFDA 84.268 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2002

**Federal Agency**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

OMB Circular A-133 Compliance Supplement, Part 5 Appendix A, Student Financial Assistance - Student Eligibility stipulates that a student must maintain good standing or satisfactory program. Title IV regulations 34 CFR 668.16(c) and 34 CFR 668.34 stipulate that an institution must establish, publish and apply reasonable standards for measuring satisfactory academic progress. The regulations further state that the standards used to judge academic progress must be cumulative and must include all periods of the student's enrollment.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**

2002-07 - Satisfactory Academic Progress, Continued

**Conditions and Prospective**

During our audit, we noted that the University's Satisfactory Academic Progress (SAP) policy did not include certain standards as prescribed by Title IV regulations. During our review of the University's satisfactory academic progress policy and appeals process, we noted the following:

- The policy does not judge academic progress on a cumulative basis.
- The appeals process does not address situations in which students continuously change majors or pursue multiple degrees.
- The appeals process does not properly evaluate carryover hours for those students that change or pursue multiple majors.

**Cause**

The University has not addressed the revision of the satisfactory academic progress policy.

**Questioned Costs**

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

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**

2002-07 - Satisfactory Academic Program, Continued

**Effect**

The University's SAP policy may not be in compliance with Title IV regulations, and the University may not be taking every opportunity to assure that loans are not abused and that every effort is made to reduce the default rate at every level.

**Recommendation**

We recommend that management of the University take immediate steps to revise the SAP policy and appeals process to address the aforementioned conditions.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

2002-08 - Exit Counseling

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

CFDA 84.052 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2002

**Federal Agency**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

OMB Circular A-133 Compliance Supplement, Part 5, Section B(1) specifies exit counseling must be performed on all students that cease to be enrolled at least half-time or withdraw from the University.

**Conditions and Perspective**

We noted during our audit that for six (6) students out of sixty (60) students tested, the University failed to properly conduct exit counseling.

GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

---

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

**Audit Finding Reference Number, Continued**  
2002-08 - Exit Counseling, Continued

**Issue**

The University did not properly follow prescribed policies and procedures with regard to exit counseling.

**Questioned Costs**

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

**Effect**

The University is not in compliance with Federal regulations.

**Recommendation**

We recommend that management of the University adhere to established procedures.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number**

2002-09 - Student Status Confirmation Reports

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

84.032 Federal Family Education Loan (FFEL)

**Federal Award Year**

June 30, 2002

**Federal Agency**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

OMB Circular A-133 Compliance Supplement Part 5, Student Financial Assistance Programs, Section III Part M - specifies that the University is required to notify lenders or NSLDS of changes in student status in a timely and accurate manner.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**

1002-09 - Student Status Confirmation Reports, Continued

**Conditions and Perspective**

We noted during our audit that eight (8) students out of thirty (30) tested had an incorrect status indicated on the student status confirmation report.

**Cause**

The University's registration system did not provide the necessary information to ensure that the student status confirmation reports were accurately prepared.

**Questioned Costs**

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

**Effect**

It appears that the University has not maintained an adequate system of internal controls to ensure compliance with federal regulations with regard to the submission of student status confirmation reports.

**Recommendation**

We recommend that management take immediate steps to implement the necessary control action to ensure that the student status confirmation reports are accurately prepared.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL, OSER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number:**

2002-02 - Return of Title IV Funds

**Federal Program and Specific Federal Award Identification**

**CFDA Title Number**

CFDA 84.063 - Federal Pell Grant Program

CFDA 84.035 - Federal Family Education Loan (FFEL)

CFDA 84.007 - Federal Supplemental Educational Opportunity Grant

CFDA 84.033 - Federal Work-Study Program

**Federal Award Year**

June 30, 2002

**Federal Agency**

Department of Education

**Pass-Through Entity**

NONE

**Criteria**

OMB Circular A-133 Compliance Supplement, Part 5-Section N(d) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDING JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number**

2002-09 - Return of Title IV Funds, Continued

**Conditions and Perspective**

We noted during our audit that the University did not perform any Return of Title IV funds calculations during the year.

**Cause**

It appears that the University did not adhere to federal guidelines in processing certain refunds.

**Questioned Costs**

We have been unable to determine the financial impact of the non-performing of return of Title IV funds calculations, for purposes of this condition, we have not questioned any costs.

**Effect**

The University has not complied with Title IV regulations that specify if a student withdraws from school within a certain time frame a refund must be processed, calculated properly and returned to the Title IV program in accordance with established time frames.

**Recommendation**

We recommend that management of the University take immediate steps to perform the return of Title IV Funds calculations and ensure that future Title IV refunds are performed on a timely basis and in accordance with Title IV regulations.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

<b>Audit Finding Reference Number</b>	<b>Questioned Costs</b>
2002-11 - Inventory Management of Equipment	<u>3,312</u>

**Federal Program and Specific Federal Award Identification**

**CEDS Title and Number**

12-DA-01-04-95-1-0250 -	Fundal and Distributed Evaluations
12-300	Basic and Applied Scientific Research
84-042	Time-Student Support Service
84-047	Time-Upward Bound
93-CEMS 243709	Child Welfare Grant
17-250	Workforce Investment Act Youth Activities

**Federal Award Year**

June 30, 2002

**Federal Agency**

U. S. Department of Education

**Pass-Through Entity**

NONE

**Criteria**

OMB Circular A-133 Compliance Supplement Part 3 Section F stipulates that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FINANCES AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002  
FEDERAL AWARD FININDUS AND QUESTIONED COSTS, CONTINUED

---

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

**Audit Finding Reference Number**

2002-11 - Inventory Management of Equipment, Continued

**Conditions and Perspectives**

We noted that management of the University had not taken a physical inventory during the previous two year period.

**Cause**

As a result of changes in University management and other departmental personnel changes, procedures which require an inventory to be taken were not followed.

**Questioned Costs**

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

**Effect**

Non-compliance with federal regulations which require that a physical inventory be taken at least every two years and that appropriate records be maintained describing the asset and its location, as well as requiring that amounts be reconciled to the general ledger.

**Recommendation**

We recommend that management of the University take the necessary steps to correct this condition.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

**INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE**

**Audit Finding Reference Number:**

2002-02 - Federal Financial Reports

**Federal Program and Specific Federal Award Identification**

**CFDA Title and Number**

DAAH04 - 95-1-0250

12.300

91.CFMS 34376A

Parallel and Distributed Evaluations

Basic and Applied Research

Child Welfare Grant

**Federal Award Year**

June 30, 2002

**Federal Agencies**

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

U.S. Department of Education

**Pass-Through Entity**

NONE

**Critique**

OMB Circular A-133 Compliance Supplement Part 3, Section 1, 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, and submitted periodically to the respective federal awarding agency. Each federal awarding agency or grant may have additional reporting requirements that the organization must adhere to.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2003**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

**Audit Finding Reference Number, Continued**  
2002-12 - Federal Financial Reports, Continued

**Conditions and Perspectives**

We noted during our audit that certain grant financial reports submitted during the year ended June 30, 2003 were not submitted timely.

Four (4) of four (4) Parallel and Distributed Evaluations grant financial reports were not submitted timely.

Twelve (12) of twelve (12) Basic and Applied Scientific Research Grant financial reports were not submitted timely.

Eleven (11) of twelve (12) Child Welfare grant financial reports were not submitted timely.

**Cause**

The University's accounting system did not provide the necessary financial information to ensure that certain federal financial reports were prepared timely.

**Questioned Costs**

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



## Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 887

PHONE: (774) 8111  
FAX: (774) 814-8332

October 29, 2002

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Yarbou, LLP  
4208 Ilydian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-12 - Federal Financial Reports

Management concurs with the finding that the financial reports were not filed timely. Management made changes in the grants administration staff and hired Mr. Myron J. Sanders, Assistant Controller/Director of Grants Administration, in March 2002.

- In April 2002, the Grants Administration Office implemented procedures to ensure that grants financial reports are prepared accurately and in a timely manner. All financial reports and invoices were brought to current status July 31, 2002. A grants deliverable schedule was created to identify reporting requirements for all grants. The Grants Accountants prepare all financial reports and invoices.
- The Assistant Controller/Director of Grants Administration reviews all financial reports for accuracy before they are submitted to the Vice President for Finance and the sponsored agencies. Expenditures reported to sponsored agencies are supported by the University's general ledger, which is attached to a copy of the invoice or financial report and filed in the grant folder.
- Effective April 2002, a reconciliation schedule was created to include grant expenditures, receipts and outstanding invoices. This schedule allows the University to monitor outstanding invoices and aggressively improve our collections efforts of unpaid invoices more than sixty days past due.

Management is committed to filing all reports with granting agencies accurately on a timely basis.

Sincerely,

Neen F. Warner  
Acting President

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2000**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

---

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

***Audit Finding Reference Number, Continued***

2002-12 - Federal Financial Reports, Continued

***Effect***

It appears that certain federal financial reports were not filed timely.

***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 timely submitted to the federal government in compliance with federal and grant regulations.

**GRAMBLING STATE UNIVERSITY**

---

**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**

Dr. Neari F. Warner	--	Acting President
Ms. Billy Owens, CPA	--	Vice-President of Finance
Dr. Curtis A. Hufman	--	Associate Vice-President Academic Affairs
Mr. Barry Dekomber	--	Vice President Enrollment Management/Academic Services
Mr. Norman Jones	--	Assistant Vice-President of Finance/Controller
Ms. Moroline Savelle	--	Assistant Controller/Director of Grants Administration
Ms. Alvina Thomas	--	Financial Aid Director
Ms. Anna Pagege	--	Assistant Financial Aid Director
Ms. Sharon Ford	--	Assistant Financial Aid Director

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Michael B. Bruno, CPA, CGFM	--	Managing Partner
Mr. Sean Bruno, CPA	--	Supervisor
Mr. Eric Griffin	--	In-Charge Accountant

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

**GRAMBLING STATE UNIVERSITY**  
**ACFT INFORMATION SCHEDULE**

---

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

**License Number:** L 1308

**Telephone Number:** (504) 284-8333

The audit field work was performed between July 8, 2002 and September 30, 2002 at the institution's facilities as follows:

<b>LOCATION</b>	<b>DESCRIPTION OF FACILITY (ADMIN. OR SFA OFFICES, MAIN CAMPUSES, ETC.)</b>
Grambling State University (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 Service:

AMS Servicing Group  
2400 Reynolds Road  
Winston-Salem, North Carolina 27108

The following functions are provided by this SFA Service:

1. Billing Students - Perkins Loans and Nursing Student Loans
2. Collection of Loans principal and interest - Perkins Loans and Nursing Student Loans
3. Processing of cancellations and delinquents - Perkins Loans and Nursing Student Loans

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

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

Grambling State University  
Grambling, Louisiana 71244  
Office of Student Financial Aid



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(504) 874-6100  
FAX: (504) 874-6179

October 29, 2002

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Terrence, LLP  
4285 Elysian Fields Avenue  
New Orleans, LA 70121

Dear Mr. Bruno:

**Re: Audit Finding Reference Number 2002-60 – Allowable Activities and Allowable Cost**

Management acknowledges that it requested an investigation of certain federal grants concerning unallowable cost and/or activities. Under the overall directions of Billy R. Owens, Vice President for Finance, and the immediate directions of Ms. Moraine J. Sanders, Assistant Controller/Director of Grants Administration, the following actions will be taken:

- Effective April 2002, grant principal investigators are not allowed to prepare financial reports and invoices. All such reports are to be prepared by the grants administration office from the books and records of the University.
- Transfers from grant accounts to other accounts are no longer permitted unless multiple accounts are required in the original grant as components of the total grant award.
- Management is re-enforcing its policy on accurate time reporting for federal work-study students. A careful review of all time is being made by payroll.

Upon completion of the investigations, the University will notify the appropriate granting agencies of the results.

Sincerely,

A handwritten signature in cursive script that reads "Nanci F. Warner".

Nanci F. Warner  
Acting President

NFW/jj



*Grambling State University*

OFFICE OF THE PRESIDENT

*Grambling, Louisiana 71245*

P.O. DRAWER 927

PHONE: 224-8117

FAX: 224-8272

October 29, 2002

Mr. Michael B. Brano, CPA  
Managing Partner  
Brano & Terzolon, LLP  
4288 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Brano:

**Re: Audit Finding Reference Number: 2002-03 – Allowable Activities and Allowable Cost**

Management acknowledges that it requested an investigation of certain federal grants concerning unallowable cost and/or activities. Under the overall direction of Billy R. Owens, Vice President for Finance, and immediate direction of Mr. Mordecai J. Sanders, Assistant Controller/Director of Grants Administration, the following actions will be taken:

- Effective April 2003, grant principal investigators are not allowed to prepare financial reports and invoices. All such reports are to be prepared by the grants administration office from the books and records of the University.
- Transfers from grant accounts to other accounts are no longer permitted unless multiple accounts are required in the original grant as components of the total grant award.
- Management is re-evaluating its policy on accurate time reporting for federal work-study students. A careful review of all time is being made by payroll.

Upon completion of the investigations, the University will notify the appropriate granting agencies of the results.

Sincerely,

A handwritten signature in cursive script that reads "Neasi F. Warner".

Neasi F. Warner  
Acting President

NFW:jj



*Grambling State University*

OFFICE OF THE PRESIDENT

*Grambling, Louisiana 71245*

P.O. DRAWER 807

(504) 274-8117

FAX: (504) 274-8112

October 28, 2003

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Teraviva, LLP  
4298 (Sheyan Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

**Re: Audit Finding Reference Number: 2002-03 – Allowable Costs**

Management acknowledges that because the loan amounts disbursed to students on the general ledger did not reconcile to the loan servicer's detail account records, the general ledger was adjusted to the loan servicer's detail records. These unreconciled differences have gone unchanged for many years. This was one of many adjustments made by management to clear up problems in its records during FY 2000, FY 2001 and FY 2002.

The FISAP for Perkins Loans and the Fiscal Operations Report for the Nursing Student Loan Program were amended for fiscal years 1999, 2000 and 2001 to agree with the revised general ledger.

Management is committed to ensuring that the general ledger is supported by detailed records.

Sincerely,

A handwritten signature in cursive script that reads "Nevin F. Warner".

Nevin F. Warner  
Acting President

NFW:j



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. Box 61616

(504) 278-6117

FAX: (504) 274-6110

October 23, 2002

Mr. Michael H. Bruno, CPA  
Managing Partner  
Bruno & Terralco, LLP  
4700 Ellyson Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

**Re: Audit Finding Reference Numbers 2002-04, Federal Work Study**

Management concurs with the finding that four (4) out of twenty-seven (27) students tested received earnings that exceeded the documented need.

Now that the Banner system is fully implemented, we can generate reports that will identify students whose total earnings are close to the awarded amount (maximum earnings). Beginning October 2002, the students and student-worker supervisors will be notified of the student's award status. Monthly reports will be generated after each payroll.

Sharon Reed, the Assistant Director for Student Financial Aid and Scholarships, will be the contact person for this process.

Sincerely,

A handwritten signature in cursive script that reads "Neari F. Warner".

Neari F. Warner  
Acting President

NFW/jj



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71345

FOL DRAWER 807

(504) 274-8117  
FAX: (504) 274-8119

October 22, 2002

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Torvalds, LLP  
4258 Elyson Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

**Re: Audit Finding Reference Number: 2002-05, Aid Exceeded Documented Need**

Management concurs with the finding that five (5) students out of fifteen (15) tested received financial aid in excess of their documented need due to having full-time cost of attendance(COA) budgets.

We will continue reviewing COA budget reports after the 14<sup>th</sup> class day for the Fall and Spring semesters, and after the 7<sup>th</sup> class day for the Summer term. However, we will scrutinize students who are not full-time to determine if correct budgets have been awarded. Aid will be reduced or canceled if necessary.

Sharon Reed, Assistant Director for Student Financial Aid and Scholarships, will be the contact person for this process.

Sincerely,

Heidi F. Warner  
Acting President

KPW:j



*Grambling State University*

OFFICE OF THE PRESIDENT

*Grambling, Louisiana 71245*

P.O. DRAWER 667

PHONE (504) 833-1111  
FAX (504) 874-6076

October 22, 2002

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Terzolon, LLP  
4288 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

**Re: Audit Finding Reference Number: 2002-06, Satisfactory Academic Progress**

Management concurs that one (1) out of sixty(60) students tested was awarded and received financial aid, although the student did not meet the University standards for achieving satisfactory academic progress.

The error resulted in the conversion of quarter hours to semester hours. We will rely on the expertise of the Admissions Transfer Hour Evaluator to make assessment of transfer credits showing quarter hours to assist in determining Satisfactory Academic Progress.

Annie Huggins, Assistant Director for Student Financial Aid and Scholarships, will be responsible for this process.

Sincerely,

Noel P. Warner  
Acting President

NPW/j



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

FD-0564203 607

(214) 274-0110

FAX: (214) 274-6170

October 23, 2002

Mr. Michael B. Brano, CPA  
Managing Partner  
Brano & Tervolan, LLP  
4208 Ellyson Fields Avenue  
New Orleans, LA 70122

Dear Mr. Brano:

## **Re: Audit Finding Reference Number: 2002-07, Satisfactory Academic Progress**

Management does not concur with the finding that the University's Satisfactory Academic Progress (SAP) Policy did not include certain standards as prescribed by Title IV regulations.

We maintain that our SAP Policy is in compliance with federal regulations as from 34 CFR 605.16 and 605.34. Last spring, a team of seasoned Department of Education Program Reviewers came to the University and conducted a four-day Program Review of our policies and procedures for administering Title IV funds. The SAP Policy and the documentation to support the SAP Appeals were reviewed during the evaluation. No changes in policy were suggested. The team concluded in their verbal comments during the Exit Interview that Grambling State University (GSU) had made remarkable improvements in the administration of federal funds to eligible students and that our policies were sound and abided by federal regulations.

Since the Accounting Firm of Brano and Tervolan has stated that our policy may be lacking in some areas, we called the Department of Education's Regional Office for guidance as to cumulative grade point average and was told to review the federal regulations 34 CFR 605.16 and 605.34 as opposed to the reviewing the handbook. In the two laws, there is no statement of cumulative grade point average. Our policy does meet the federal requirements. We feel accountable to the audit, therefore, we will request a review by the Department of Education of the conclusions drawn by this audit relative to cumulative standards.

As it relates to our appeals process, the following actions will be taken:

- Review appeal process to include detailed procedures for students seeking multiple degrees and certificates and make necessary changes if warranted. Completion date: November 11, 2002
- Review the structure of the Appeals Committee. Completion date: October 31, 2002
- Clarify the rules for approving and monitoring dual or multiple programs or degrees. Completion date: November 11, 2002

Ms. Michael D. Bruno, CPA

October 22, 2002

Page 2

In summary, the management of this institution is dedicated to ensuring that our S&P policy addresses all areas of the Federal Policy. The contact person for this process is Alvina Thomas, Director.

Sincerely,



Sheri P. Warner  
Acting President

MSW:j



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

FIG. DRAWING 600

(202) 218-6117  
FAX: (218) 204-6119

October 22, 2002

Mr. Michael B. Bruno, CPA  
Managing Partner  
Bruno & Terston, LLP  
4255 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruno:

**Re: Audit Finding Reference Number: 2002-06, Exit Counseling**

Management concurs with the finding that the University did not properly conduct exit counseling for five (5) out of sixty (60) students noted who failed to enroll for the following semester. One student had the required exit counseling notification letter in his folder.

In addition to the normal procedures used to perform exit counseling, we will generate reports to identify students who fail to enroll for the following semester or summer term.

These students will be mailed exit counseling debt management materials if they fail to complete exit counseling in the Financial Aid Office, in the group session, or on the web. A copy of the mailed exit counseling notification will be placed in the student's folder.

Taffney Lee, Coordinator for Default Prevention, will be the contact person for this process.

Sincerely,

A handwritten signature in cursive script that reads "Henri F. Warner".

Henri F. Warner  
Acting President

MPW:j



*Grambling State University*

OFFICE OF THE PRESIDENT

*Grambling, Louisiana 71244*

TEL: (504)838-6000

(504) 834-0110  
FAX: (504) 834-8170

October 22, 2002

Mr. Michael B. Bruns, CPA  
Managing Partner  
Bruns & Torvelson, LLP  
4298 Doyon Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bruns:

**RE: Audit Finding Reference Number 2002-09,  
Student Status Confirmation Reports**

Management concurs with the finding that eight (8) students out of (38) thirty tested had an incorrect status indicated on the student status confirmation report.

In the Banner Student System, the Registrar's Office is able to electronically submit the reports to the National Student Loan Clearinghouse; however, without technical assistance they are not able to see the status that is submitted for each student. In searching for the answer to this finding, it was determined that this is a known issue to SCT. They have Patch #66016 which should correct the problem. As indicated on the attached sheet, the system problem is that the SPNSLSC is not picking up the latest time status record. On October 9, 2002, the Information Resource Center was asked to install this patch and assistance has been requested in obtaining a copy of the report each time that it is submitted.

Karen Lewis, Registrar, will be the contact person for this process.

Sincerely,

A handwritten signature in cursive script that reads "Neal F. Warner".

Neal F. Warner  
Acting President

NFW:j

Attachment



# Extended Search

[ActNow](#) | [Feedback](#) | [Personalize](#) | [Log](#)

 Welcome **JL**
[Product Info](#) | [My Pages](#) | [ActionLine](#) | [FAQs](#) | [Downloads](#) | [Known Issues](#) | [BPE](#) | [Opening Page](#) | [Search](#)

Tuesday, October 06, 2009 4:18:29 PM

Detailed Information About Defect: 66016		
<b>Product:</b> Banner Student System	<b>Process:</b> SFRNSLC	<b>Reported In Release:</b> 5.3.3
<b>Date Reported:</b> 03/25/2003	<b>Priority:</b> Level 3 defect - High	
<b>Title:</b>	If multiple SFRNSLC records exist with the same date time stamp and SFRNSLC is processed on the same date, SFRNSLC is not picking up the latest time status record. Also, a DTPNSOC record is not on the NSLC output, even when a drop in status has occurred.	
<b>Description:</b>	<p>Two issues with SFRNSLC:</p> <p>1) If multiple SFRNSOC records exist with the same date time stamp, and SFRNSLC is processed on the same date, SFRNSLC is not picking up the latest time status record.</p> <p>Time status is calculated and SFRNSLC is processed. When a student drops to a lower time status with the same date stamp as the previous time status (SFRNSOC: time status is changed on the same day, new SFRNSOC record created), SFRNSLC is rerun, the rerun of SFRNSOC does not include a start date for the new time status. The BPE is not reflecting the correct status. Status in first SFRNSOC run was an EBB, for full time status calculation, it dropped to a half time and CBB status should have been updated to an EBT.</p> <p><b>WORK AROUND:</b> The original submission includes the original status, and the next day SFRNSLC is processed and the submission includes the changed status, but no status start date.</p> <p>2) A DTPNSOC row is not showing up in the NSLC output, even after a drop in status has occurred.</p>	
<b>Resolution:</b>	<p>Fixed for 4.4.2.1, and 5.3.3.1.</p> <p>Problem: DTPNSOC not being created when there's a drop in status. This is due to not_full_half_status function, which is creating the same virtual record each time. Also, if multiple status created on same day that report is run, latest status is not always created.</p> <p>Fix: 1) Modified function 'not_full_half_status' and renamed it to 'not_half_status_lower'.          2) Created function: not_full_half_status_prior.          3) Added variable 'prior_status_date'.          4) Commented out the following whenever it occurred:          DTPV(oid_nslc,nsl_status,nsl_half_time)</p>	
<b>Status:</b>	Changed on 03/11/2003 to Resolved for Release 4.4.1.1	
<b>Affected Processes:</b>	SFRNSLC	



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

FOL DPMWEN 007

PHONE (504) 874-0117  
FAC (504) 874-8170

October 29, 2002

Mr. Michael B. Brans, CPA  
Managing Partner  
Brans & Torvalds, LLP  
4208 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Brans:

**Re: Audit Finding Reference Number: 2002-09 – Return of Title IV Funds**

Management concurs with the finding that the University did not comply with processing certain Title IV refunds. The employee responsible for calculating the refunds was replaced by a new employee and supervisor. Under the direct supervision of the Assistant Controller/Director of Grants Administration, the following actions will be taken:

- The Bureau, Records Management, and the Assistant Controller/Director of Grants Administration, Mercedes J. Sandon have established pin numbers and passwords with the U.S. Department of Education to calculate and return Title IV funds on or before November 15, 2002. The Bureau will be responsible for accurately calculating and returning Title IV funds within the established timeframes.
- Management requires the Registrar's Office and the Financial Aid Office to notify the Bureau on a timely basis of withdrawals and stop-outs to ensure proper calculation of refunds, as appropriate.

Management is committed to ensuring that it complies with Title IV refund rules and regulations.

Sincerely,

Neari F. Warner  
Acting President

NFW:jj



# Grambling State University

OFFICE OF THE REGISTRAR

Grambling, Louisiana 71245

P.O. DRAWER 667

(504) 774-6117

FAX: (504) 774-6133

October 29, 2002

Mr. Michael B. Bremo, CPA  
Managing Partner  
Bremo & Trevino, LLP  
4298 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Mr. Bremo:

**Re: Audit Finding Reference Number: 2002-11 – Inventory Management of Equipment**

The management concurs with the finding on not conducting a physical inventory during the year. Under the overall responsibility of Mr. Norman Jones, Associate Vice President/Controller, the following corrective action plan has been, or will be, taken.

- On October 7, 2002, the vacant property accountant position was filled with Ms. Mycala McConnell who has direct responsibility for maintaining the University's inventory and property accounting records.
- On October 18, 2002, the Louisiana State Property Control representative trained Ms. McConnell and two backup accountants on the State's property control system and the State's guidelines governing property of \$1,000 and over.
- By November 4, 2002, the property accountant and backups will be trained on the Banner fixed asset module.
- By November 30, 2002, management will conduct a University-wide physical inventory of all movable assets having an acquisition cost of at least \$1,000 for the purpose of correcting the property records.

Management is committed to maintaining accurate asset inventory records that account for all acquisitions and disposals and location changes in a timely manner.

Sincerely,

Neeri F. Warner  
Acting President

NFW/j