

3394

GRAMBLING STATE UNIVERSITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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 4/21/10

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

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

Dr. Frank G. Pogue, Interim President
Grambling State University
Grambling, Louisiana 71245

I have audited the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 2009. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **the University**. My responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on my 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, 2009. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

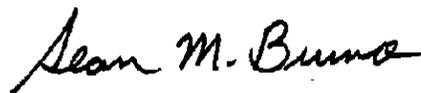
**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)**

Dr. Frank G. Pogue, Interim President
Grambling State University
Grambling, Louisiana 71245
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In my 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, 2009 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2010 on my consideration of **the University's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit

My 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 my opinion is fairly stated in all material respects in relation to the Schedule of Expenditures of Federal Awards taken as a whole.


SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2010

Sean M. Bruno
Certified Public Accountants

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Defense</u>			
<i>Research and Development</i>			
<i>Awards from a Pass-Through Entity:</i>			
Through: <u>Clarkson Aerospace Corp</u>			
Airforce Defense Research Sciences Program	12.800	05-0002-C1	\$ <u>260,052</u>
Total U.S. Department of Defense			<u>260,052</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Awards</i>			
Historically Black Colleges and Universities Program	14.520	N/A	<u>24,100</u>
Total U.S. Department of Housing and Urban Development			<u>24,100</u>
<u>U.S. Department of Labor</u>			
<i>Direct Awards</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A	<u>58,469</u>
Total U.S. Department of Labor			<u>58,469</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Aeronautics and Space Administration</u>			
<i>Research and Development</i>			
<i>Awards from a Pass-Through Entity:</i> Through: <u>Clark Atlanta University</u> Technology Transfer	43.002	03-04-30403-001	\$ <u>29,725</u>
Total National Aeronautics and Space Administrations			<u>29,725</u>
<u>National Endowment for the Humanities</u>			
<i>Direct Awards</i>			
Promotion of the Humanities—Division of Preservation and Access	45.149	N/A	<u>107,418</u>
Total National Endowment for the Humanities			<u>107,418</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Science Foundation</u>			
<u>Research and Development</u>			
<u>Direct Awards</u>			
Education and Human Resources	47.076	N/A	\$ 531,925
Total National Science Foundation			<u>531,925</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Energy</u>			
<i>Research and Development</i>			
<i>Direct Awards</i>			
Fossil Energy Research and Development	81.089	N/A	\$ <u>37,859</u>
Total U.S. Department of Energy			
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Higher Education - Institutional Aid	84.031	N/A	<u>5,630,361</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<i>Trio Cluster</i>			
<i>Direct Awards</i>			
TRJO-Student Support Services	84.042	N/A	\$ 307,536
TRJO-Upward Bound	84.047A	N/A	<u>(413)</u>
Subtotal - Trio Cluster			<u>307,123</u>
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	467,515
Federal Family Education Loans	84.032	N/A	36,070,500
Federal Work-Study Program	84.033	N/A	459,610
Federal PELL Grant Program	84.063	N/A	12,238,979
Academic Competitiveness Grants	84.375	N/A	222,629
National Science and Mathematics Access to Retain Talent Grants	84.376	N/A	<u>109,449</u>
Subtotal - Student Financial Assistance Cluster			<u>49,568,682</u>
Total U.S. Department of Education			<u>55,506,166</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Awards</i>			
Mental Health Research Grants	93.242	N/A	\$ 93,484
Mental Health National Research Service Awards for Research Training	93.282	N/A	17,854
Biomedical Research and Research Training	93.859	N/A	276,802
<i>Awards from a Pass-Through Entity</i>			
Through: <u>International Resource Group Limited</u> HIV Prevention Programs for Women	93.015	942289908	3,301
Through: <u>Morehouse School of Medicine</u> Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243	T1-17165	1,268
Through: <u>National Youth Sports Corporation</u> Community Services Block Grants- Discretionary Awards	93.570	NYSP 05:1045	1,586
Total U.S. Department of Health and Human Services			<u>394,295</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, 2009

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Corporation for National and Community Service</u>			
<i>Awards from a Pass-Through Entity</i> Through: <u>Xavier University</u> Learn and Serve America - Higher Education	94.005	05-02638	\$ <u>10,771</u>
Total U.S. Corporation for National and Community Service			<u>10,771</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>56,960,780</u>

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

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

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

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

The University has an enrollment of approximately 5,100 students and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

Grambling State University is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the U.S. 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 \$56,960,780 for the fiscal year July 1, 2008 through June 30, 2009. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$49,568,682 and includes loans to students under the Federal Family Education Loan Program which totals \$36,070,500.

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

NOTE 1 - GENERAL, CONTINUED:

Student Financial Aid

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

o Federal Perkins Loan Program

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

o Nursing Student Loan Program (NSL)

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

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

NOTE 1 - GENERAL, CONTINUED:

o Federal Work-Study Program (FWS)

The University established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2009, federal expenditures totaled \$459,610, of which \$21,886 was for administrative costs and \$437,724 for wages.

The University elected and received approval from the U.S. 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, 2009. The University was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

o FSEOG Program

The FSEOG Program was established at the University in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2009, federal expenditures totaled \$467,515, of which \$22,262 was for administrative costs and \$445,253 for direct awards to students.

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

o Federal PELL Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal PELL Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$12,238,979 was expended for Federal PELL Grant awards to full-time and part-time students. The University received an administrative cost reimbursement of \$16,125.

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 \$36,070,500 was disbursed to students under the Federal Family Education Loan Program. The Federal Family Education Loan Program's Cohort default rate is 13.6 percent.

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

NOTE 2 - BASIS OF PRESENTATION AND ACCOUNTING:

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

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

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, 2009 which have been financed principally by the U. S. Government (federal awards). For purposes of the Schedule, federal awards include all Federal assistance and procurement relationships entered into directly between **the University** and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in net assets or the current fund's revenues, expenditures, and other changes of **the University**.

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

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

**NOTE 3 - PROGRAM ORGANIZATION AND FINANCING-
(NURSING STUDENT LOAN PROGRAMS):**

The Nursing Student Loan Program is operated by the University 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, 2009.

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

Analysis of Nursing Student Loan Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 2009</u>	<u>For the Year Ended June 30, 2009</u>
Federal	\$ 318,176	\$ -0-
University	<u>35,353</u>	<u>-0-</u>
Total	\$ <u>353,529</u>	\$ <u>-0-</u>

Analysis of Repayments

Funding Source

Federal	\$ 292,580	\$ -0-
University	<u>7,835</u>	<u>-0-</u>
Total	\$ <u>300,415</u>	\$ <u>-0-</u>

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

NOTE 3 - PROGRAM ORGANIZATION AND FINANCING-
(NURSING STUDENT LOAN PROGRAMS), CONTINUED:

Analysis of Nursing Student Loan Receivable

	Period from Inception to <u>June 30, 2009</u>	For the Year Ended <u>June 30, 2009</u>
Balance, beginning of period/year	\$ -0-	\$ 5,570
Funds advanced/adjustments	<u>364,849</u>	<u>-0-</u>
Total	<u>364,849</u>	<u>5,570</u>
Less: Collections	261,022	2,004
Adjustments	24	-0-
Cancellations	2,128	2,128
Allowance for bad debts	<u>100,237</u>	<u>-0-</u>
Total credits	<u>363,411</u>	<u>4,132</u>
Balance, June 30, 2009	\$ <u>1,438</u>	\$ <u>1,438</u>

NOTE 4 - DEPARTMENT OF EDUCATION LOAN:

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

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

NOTE 4 - DEPARTMENT OF EDUCATION LOAN, CONTINUED:

As of June 30, 2009, the outstanding loan balance totaled \$2,077,595. Principal payments totaling \$112,880 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 U.S. Department of Education. Additionally, the Schedule summarizes the amount of principal and interest cancelled (military and teacher) for the National Defense/Perkins Loan Program.

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

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

The Schedule of State Agency/University Sub-recipients of Federal programs represents disbursements 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.

NOTE 7 - MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS:

Grambling State University's major federal financial assistance programs for the year ended June 30, 2009 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, Higher Education - Institutional Aid, the Workforce Investment Act Grant, the Research and Development Cluster, the Temporary Assistance for Needy Families Grant, and Foster Care Title IV-E.

SUPPLEMENTARY DATA

SCHEDULE I

GRAMBLING STATE UNIVERSITY
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Program Name/Title</u>	<u>Federal CFDA NO.</u>	<u>Loans Made or Disbursed During Year</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest Cancelled</u>
Federal Family Education Loan Program	84.032	<u>\$36,070,500</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$ -0-</u>	<u>\$ -0-</u>	N/A
Nursing Student Loan Program	93.364	<u>\$ -0-</u>	<u>\$ 1,438</u>	N/A
College Housing and Other Facilities Loans	84.142	N/A	<u>\$ -0-</u>	N/A
U.S. Department of Education - Housing Act of 1950	N/A	N/A	<u>\$ 2,077,595</u>	N/A

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF FIXED PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

- (1) Grambling State University did not receive any revenues under the terms of fixed-priced contracts during the year ended June 30, 2009.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III

GRAMBLING STATE UNIVERSITY
SCHEDULE OF SECONDARY SUB-RECIPIENTS
OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2009

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

- (1) Grambling State University did not disburse any funds to secondary sub-recipients of major federal programs during the year ended June 30, 2009.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

GRAMBLING STATE UNIVERSITY
SCHEDULE OF STATE AGENCY/UNIVERSITY SUB-RECIPIENTS
FOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Sub-recipient</u>
U.S. Department of Energy	81.089	Fossil Energy Research and and Development	\$ 15,370	Louisiana Tech
U.S. Department of Health and Human Services- National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	13,213	Louisiana State University
U.S. Department of Health and Human Services National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	<u>9,849</u>	Southern University At Shreveport/ Bossier
	Total		<u>\$38,432</u>	

See the Independent Auditors' Report on Supplementary Information.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
U.S. Department of Defense- Basic and Applied Scientific Research	12.300	Louisiana State University	\$ 17,486	
U.S. Department of Labor- Workforce Investment Act/Youth Activities	17.259	Coordinating and Development Co.	146,950	
National Science Foundation- Mathematical and Physical Sciences	47.049	Louisiana State University	5,000	
Education and Human Resources	47.076	Louisiana Board of Regents	105,288	

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
U.S. Department of Education				
Adult Education - State Grants	84.002		Louisiana Dept. of Education	\$ 467,062
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		Louisiana Board of Regents	139,879
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF)	93.558		Louisiana Dept. of Education	42,379
Foster Care Title IV-E	93.658		Louisiana Dept. of Social Services	<u>98,863</u>
Total				\$ <u>1,022,907</u>

Sean M. Bruno
Certified Public Accountants

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

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

Dr. Frank G. Pogue, Interim President
Grambling State University
Grambling, Louisiana 71245

I have audited the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 2009, and have issued my report thereon dated February 23, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

Internal Control Over Financial Reporting

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

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

(CONTINUED)

Internal Control Over Financial Reporting, Continued

For the information system internal control categories at the Service Bureau, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of Campus Partners' present fairly, in all material respects, the aspects of Campus Partners' controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2009. The other accountants' report has been furnished to us as of my report issuance date in which an unqualified opinion was expressed regarding the previous noted controls.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2009-01 and 2009-02 to be significant deficiencies in internal control over financial reporting.

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

(CONTINUED)

Internal Control Over Financial Reporting, Continued

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, I consider items 2009-01 and 2009-02 to be material weaknesses.

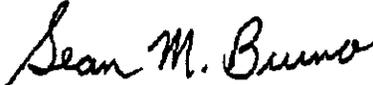
Also, I noted that other accountants for the Service Bureau expressed an unqualified opinion on specific controls tested.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Schedule of Expenditures of Federal Awards is free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests of compliance disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

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

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


SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2010

Sean M. Bruno
Certified Public Accountants

Member
American Institute of
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Society of Louisiana
Certified Public Accountants

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. Frank G. Pogue, Interim President
Grambling State University
Grambling, Louisiana 71245

Compliance

I 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, 2009. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of my report issuance date. **The University's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the University's** management. My responsibility is to express an opinion on **the University's** compliance based on my audit.

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

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

In my 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, 2009. However, the results of my auditing procedures disclosed instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in Schedule III in the accompanying Schedule of Findings and Questioned Costs as items 2009-01, 2009-02, 2009-03, 2009-04, 2009-05, 2009-06, 2009-07, 2009-08, 2009-09, 2009-10, 2009-11, 2009-12, 2009-13, 2009-14, 2009-15, and 2009-16.

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

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

The Service Bureau's compliance assertions with respect to its servicing of the Nursing Student Loan Programs for **the University** was examined by another accountant, whose report was furnished to me as of my report issuance date. Based on my review of the other accountants' report, I 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 my report or the report of the other accountant. The independent accountant indicated that no findings or questioned costs were noted as a result of the compliance attestation examination on the service bureau.

Internal Control Over Compliance

The management of **the University** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, except for the functions performed at **the University's** Service Bureau in connection with processing transactions for the Nursing Student Loan Programs, I 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 my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing my opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of **the University's** internal control over compliance.

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, Nursing Student Loan collections and due diligence, and servicer eligibility. The other accountants' report has been furnished to me as of my report issuance date.

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

Internal Control Over Compliance, Continued

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

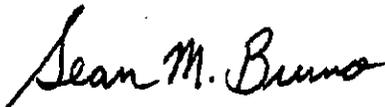
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009-01, 2009-02, 2009-04, 2009-07, 2009-08, 2009-09, 2009-10, 2009-11, 2009-12, 2009-13, 2009-14, 2009-15, and 2009-16.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. I considered the following as deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2009-01, 2009-02, 2009-04, 2009-08, 2009-09, 2009-11, 2009-12, 2009-13, 2009-14, and 2009-16.

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

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)

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



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2010

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE I - Summary of the Independent Auditors' Results

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

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

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

9. The following is an identification of major programs:

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

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

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

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: No

12. Were management letter comments issued: Yes

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE II - Financial Statement Findings

Audit Finding Reference Number

2009-01 - Schedule of Expenditures of Federal Awards

Federal Program And Specific Federal Award Identification

Applicable to All Federal Financial Assistance Awards

Conditions and Perspective

During my audit, I noted significant weaknesses in internal control over compliance relating to the preparation of the Schedule of Expenditures of Federal Awards. Based on my testing, I noted that the schedule contained incorrect Catalog of Federal Domestic Assistance (CFDA) numbers, programs not being included in the schedule, and program titles in the schedule were not the official titles contained in the CFDA catalog.

Criteria

Pursuant to the requirements of Office of Management and Budget (OMB) Circular A-133 Part III Subpart C - Auditees; Paragraph .300 - Auditee Responsibilities "The Auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of pass-through entity; Paragraph .310(b) - Financial Statements "The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.... At a minimum the schedule shall include (1) list of Federal programs by Federal agency (2) for Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity and (3) provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available...."

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE II - Financial Statement Findings, Continued

Audit Finding Reference Number

2009-01 - Schedule of Expenditures of Federal Awards, Continued

Cause

The schedule of federal expenditures was not reviewed by management prior to being provided to the auditors.

Effect

The University has not maintained an adequate system of internal control to ensure compliance with Federal regulations pertaining to auditee responsibilities and maintenance of books and records in accordance with OMB Circular A-133.

Recommendation.

I recommend that the University's Department of Grants and Contracts strengthen internal controls relating to the preparation of its Schedule of Expenditures of Federal Awards to ensure the accuracy and completeness of its financial reporting function. This strengthening of internal controls should include but not be limited to conducting a complete inventory of its federal financial assistance awards and contracts and review of applicable award documents and contract files to ensure accuracy and completeness of all applicable identifying award information (CFDA number, contract number, program title and description, primary recipients, etc.) in the accounting books and records. Appropriate supervisory controls procedures should also be established to ensure that work is reviewed to ensure accuracy and completeness of the schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE II - Financial Statement Findings, Continued

Audit Finding Reference Number

2009-02 - Grant Management Procedures

Federal Program And Specific Federal Award Identification

Applicable to All Federal Financial Assistance Awards, except
84.031 Higher Education- Institutional Aid

Conditions and Perspectives

During my audit, I noted that there was little or no oversight over the staff of the Office of Grants and Contracts. This resulted in indirect costs not being calculated properly, funds not being drawn down timely, and the matching requirement not being adhered to. As a result, **the University has not established and maintained effective internal controls over financial reporting.**

Criteria

Effective control and accountability must be maintained for all grants. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal compliance requirements, and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Cause

The office of grants and contracts did not have a Director for a portion of the year, and staff does not appear to be properly trained.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE II - Financial Statement Findings, Continued

Audit Finding Reference Number

2009-02 - Grant Management Procedures, Continued

Effect

The University might not comply with significant grant conditions resulting in large amounts of grants funds being required to be returned to granting agencies. As an example of this lack of effective oversight, my audit determined that supporting documentation could not be located, indirect costs were not properly monitored, and matching was not either documented or not adhered to.

Recommendation

I recommend **the University** follow appropriate internal controls over its grants administration related to compliance in order to ensure that there is no greater than a remote chance of noncompliance with grants. Such controls should ensure that grants administration personnel are appropriately trained and grants records and reports are subjected to appropriate review procedures.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

Audit Finding Reference Number

2009-01 - Schedule of Expenditures of Federal Awards

See finding 2009-01 in Section II

2009-02 - Grant Management Procedures

See finding 2009-02 in Section II

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2009-03 - Student Eligibility	<u>\$ 13,891</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.063 Federal PELL Grant Program
84.032 Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

Title IV regulations, 34 CFR section 668.33 stipulates to be eligible to receive Title IV, a student must (1) be a citizen or national of the United States; or (2) provide evidence from the U.S. Immigration and Naturalization Service that he or she (i) is a permanent resident of the United States; or (ii) is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident.

Conditions and Perspectives

During my audit I noted one (1) student out of fifty (50) students tested had a conflict of not being identified as a U.S. citizen by the Federal Clearinghouse. This conflict was not resolved by the University prior to disbursing financial aid to the student

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2009-03 - Student Eligibility, Continued

Cause

The University did not properly document that the student was an eligible U. S. citizen to ensure that Title IV funds could be disbursed to the student.

Questioned Costs

For purposes of this condition, I have questioned costs totaling \$ 13,891 as follows:

<u>Program</u>	<u>Amount</u>
Federal PELL Grant	\$ 4,581
Federal Family Education Loans	<u>9,310</u>
Total	\$ <u>13,891</u>

Effect

The University disbursed financial aid to a student who was not eligible.

Recommendation

I recommend that management of **the University** adhere to established procedures to ensure that Title IV aid is disbursed only to eligible students.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2009-04 - Verification	<u>\$ 44,608</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.063 Federal PELL Grant Program
84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
84.033 Federal Work Study Program (FWS)
84.032 Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs, Section III, Part N – Special Test and Provisions stipulate that **the University** is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. **The University** shall require each applicant whose application is selected by the central processor, based on edits specified by the Department of Education, to verify the information specified in 34 CFR sections 668.56.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-04 - Verification, Continued

Conditions and Perspectives

During my audit I noted six (6) students out of thirty-six (36) tested whose verification information was either conflicting with the verified documentation on file or the verification information was not verified.

Cause

The University failed to follow prescribed procedures that require verifiable information be verified and corrected prior to the disbursing of financial aid to students.

Questioned Costs

For purposes of this condition, I have questioned costs totaling \$ 44,608 as follows:

<u>Program</u>	<u>Amount</u>
Federal PELL Grant	\$ 21,136
Federal SEOG Grant	600
Federal Work Study Program	1,310
Federal Family Education Loans	<u>21,562</u>
Total	\$ <u>44,608</u>

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-04 - Verification, Continued

Effect

The University disbursed financial aid to students whose financial information had not been supported through the verification process.

Recommendation

I recommend that management of the University adhere to established procedures to ensure that all verification information is obtained and verified prior to the disbursement of financial aid.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Cost</u>
2009-05 - Entrance Counseling	<u>\$ 14,860</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.032 Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

Title IV regulations, 34 CFR 682.604 (f) stipulates that a school must ensure that initial counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means prior to its release of the first disbursement, unless the student borrower has received a prior Federal Stafford, Federal SLS, or Direct subsidized or unsubsidized loan.

Condition and Perspective

I noted during my audit that two (2) students out of fourteen (14) students tested who were first-time borrowers and received a FFEL loan without having an entrance counseling session.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2009-05 - Entrance Counseling, Continued

Cause

It appears that the **University** did not ensure that all students who were first-time borrowers received entrance counseling prior to receiving the loan proceeds.

Questioned Costs

For purposes of this condition, I have questioned costs totaling \$14,860.

Effect

The **University** has not adhered to Title IV regulations regarding ensuring that all first time loan recipients have entrance counseling prior to their first loan disbursement.

Recommendation

I recommend that management of the **University** take immediate steps to ensure that entrance counseling is administered to all recipients prior to their first loan disbursement.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2009-06 - Exit Counseling

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.032 - Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

Title IV regulations, 34 CFR 682.604 (g) stipulates that a university must ensure that exit counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means shortly before the student borrower ceases at least half-time study at the school.

Condition and Perspective

During my testing, I noted two (2) students out of nine (9) tested who received Title IV funds; either withdrew from the University or dropped to below half-time status and did not have documentation of exit counseling.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2009-06 - Exit Counseling, Continued

Cause

It appears that **the University** did not properly administer exit counseling to all Title IV recipients who either withdrew from **the University** or fell to less than half-time status.

Questioned Cost

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

Effect

Title IV recipients were not aware of their rights and responsibilities subsequent to withdrawing from school.

Recommendation

I recommend that **the University** ensure that all Title IV recipients who withdraw from **the University** or fall to less than half-time status receive exit counseling.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-07 - Return of Title IV Funds

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.063 Federal PELL Grant Program

84.032 Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5 Section (N) (4) 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 amounts earned that is less than the amount disbursed must be returned to the Title IV program within the prescribed time frame.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-07 - Return of Title IV Funds, Continued

Condition and Perspective

During my audit, I noted the following conditions:

Four (4) students out of twenty (20) students tested whose funds were to be returned by **the University** were not returned within 45 days of the date that **the University** determined that the student withdrew; and

I identified four hundred and forty-one (441) students who failed to earn a passing grade in any of their classes. Of that amount, I selected nine (9) students for testing noting that five (5) of the nine (9) students tested failed to earn a passing grade in any of their classes and did not have a Return of Title IV Funds calculation on file.

Cause

The University failed to adhere to established procedures in processing certain refunds.

Questioned Costs

For purposes of this condition, I have not been able to determine the amount of questioned costs, as management has not prepared the calculation.

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 remitted to the Title IV program in accordance with established time frames.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-07 - Return of Title IV Funds, Continued

Recommendation

I recommend that management immediately make the necessary determination as to whether or not the students unofficially withdrew from **the University**, prepare the Return of Title IV Funds calculation, and return the funds to the Department of Education.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2009 -08 - Matching

Federal Program and Specific Federal Award Identification

CDFA Number and Title

17.259 Workforce Investment Act - Youth Activities

93.658 Foster Care Title IV-E

Federal Award Year

June 30, 2009

Federal Agencies

U. S. Department of Labor

U. S. Department of Health and Human Services

Pass-Through Entity

Louisiana Department of Social Services

Coordinating and Development Co.

Criteria

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

Conditions and Perspectives

I noted during my audit that grant personnel failed to properly document the match that is required by the Foster Care Title IV-E grant agreement. I also noted that grant personnel failed to provide the required match for the Workforce Investment Act - Youth Activities program as required by the grant agreement.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009 -08 - Matching, Continued

Cause

The Office of Grants and Contracts did have procedures in place that require grant personnel to ensure that all compliance requirements are met during the year and properly documented.

Questioned Costs

For the purpose of this finding, I have not questioned any costs.

Effect

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

Recommendation

I recommend that grant personnel properly provide the oversight needed to ensure that the matching requirement is complied with and properly documented.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2009-09 - Allowable Cost	\$ <u>6,647</u>

Federal Program and Specific Federal Award Identification

CDEA Number and Title

12.800 Air Force Defense Research Sciences Program

93.658 Foster Care – Title IV-E

Federal Award Year

June 30, 2009

Federal Agency

U.S. Department of Defense

U.S. Department of Health and Human Services

Pass-Through Entity

Clarkson Aerospace Corporation

Not Applicable

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section B stipulates that direct costs must conform with the limitations or exclusions set forth in the circulars, Federal laws, state or local laws, sponsored agreements or other governing regulations as to types or amounts of costs items.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-09 - Allowable Cost, Continued

Conditions and Perspectives

I noted during my audit that grant personnel failed to follow prescribed procedures to ensure that indirect costs charged to grant programs conform to guidelines contained in the grant agreement. I noted instances whereby amounts charged to grant programs exceeded the amounts allowed per the grant agreement as well as instances where amounts charged to grant programs were less than the amount allowed per the grant agreement. Indirect cost calculations are not being reviewed by management.

Cause

Grant personnel failed to follow established procedures which requires indirect costs charged to grant programs to be reconciled on a monthly basis to amounts allowed per grant agreements.

Questioned Costs

For the purpose of this finding, I have questioned the costs whereby the amount charged to the program exceeded the amount allowed per the grant agreement. The total amount of questioned costs totaled \$1,965 for the Foster Care – Title IV-E Program and \$4,682 for the Air Force Defense Research Sciences Program.

Effect

Non-compliance with applicable federal rules and regulations.

Recommendation

I recommend that grant personnel follow prescribed procedures which require indirect costs charged to grant programs to be reconciled and reviewed by management on a monthly basis.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-10 - Sub-recipient Monitoring

Federal Program and Specific Federal Award Identification

CDEA Number and Title

93.859 Biomedical Research and Research Training

Federal Award Year

June 30, 2009

Federal Agency

U.S. Department of Health and Human Services

Pass-Through Entity

Not Applicable

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section M, stipulates that a pass-through entity should (1) ensure that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the sub-recipient's audit period; (2) issue a management decision on audit findings within 6 months after receipt of the sub-recipient's audit report; and (3) ensuring that the sub-recipient takes timely and appropriate corrective action on all audit findings.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-10 - Sub-recipient Monitoring, Continued

Conditions and Perspectives

During my audit, I noted that University personnel failed to monitor the activities of two (2) sub-recipients of the Biomedical Research and Research Training (Partnership for Minority Access to Baccalaureate Degrees) program. Monitoring includes obtaining and reviewing the sub-recipient's audit report to determine whether the required audit was performed and to verify that the sub-recipient had "no audit findings" related to the program.

Cause

The University did not have written sub-recipient monitoring policies and procedures (e.g., annual monitoring plan) in place which required all sub-recipients to be fiscally and programmatically monitored during the year.

Questioned Costs

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

Effect

It appears that the University is not in compliance with the Sub-recipient Monitoring compliance requirement.

Recommendation

I recommend that the Director of Grants and Contracts develop a sub-recipient monitoring plan to ensure that all sub-recipients receiving federal funds are fiscally and programmatically monitored on an annual basis.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-11 - Procurement and Suspension and Debarment

Federal Program and Specific Federal Award Identification

CDFA Number and Title

84.031 Higher Education Institutional Aid
93.859 Biomedical Research and Research Training

Federal Award Year

June 30, 2009

Federal Agency

U.S. Department of Education
U.S. Department of Health and Human Services

Pass-Through Entity

Not Applicable

Criteria

OMB Circular A-110, Subpart B, Section 13 restricts sub-awards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Also, OMB Circular A-133 Compliance Supplement Part 3, Section M, stipulates that an entity's procurement policies and procedure should contain guidelines pertaining to ethical conduct.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-11 - Procurement and Suspension and Debarment, Continued

Condition and Perspective

During the audit, I noted that **University** personnel did not perform suspension or debarment verification checks, by checking the EPLS, collecting certification from vendors/sub-recipients, or adding a clause or condition to the vendors'/sub-recipient's contracts/agreements.

Cause

The **University's** written procurement policies and procedures did not contain guidelines regarding the process used by the institution to ensure that sub-awards and contracts are not made with parties that are suspended or debarred from participating in Federal assistance programs or activities. In addition, review of the **University's** procurement policy indicated that there was no written policy pertaining to ethical conduct.

Questioned Costs

Not applicable.

Effect

Noncompliance with applicable federal rules and regulations.

Recommendation

I recommend that the **University** implement internal control procedures to ensure that vendors/sub-recipients that are paid with federal funds are not suspended or debarred from participating in Federal assistance programs or activities.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-12 - Equipment and Real Property Management

Federal Program and Specific Federal Award Identification

CDEA Number and Title

84.031 Higher Education Institutional Aid
17.259 Workforce Investment Act - Youth Activities
93.859 Biomedical Research and Research Training

Federal Award Year

June 30, 2009

Federal Agencies

U.S. Department of Education
U.S. Department of Labor
U.S. Department of Health and Human Services

Pass-Through Entity

Not applicable
Louisiana Department of Social Services
Not applicable

Criteria

Institutions of higher education, hospitals, and other non-profit organizations shall follow the provisions of OMB Circular A-110. Basically, the OMB Circular A-110 require that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. 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 FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-12 - Equipment and Real Property Management, Continued

Condition and Perspective

During my audit, I noted that a campus-wide physical inventory of equipment was not being completed and reconciled to the equipment records. In addition, **University** personnel was unable to provide a listing of equipment by federal program.

Cause

The University failed to follow federal regulations, which require that a complete physical inventory be taken at least every two years. Management's inventory consisted of sampling fixed assets throughout the campus. I also noted that the inventory system utilized by the University was not set up such that it would allow inventory to be tracked by program.

Questioned Costs

Not applicable.

Effect

Noncompliance with applicable federal rules and regulations.

Recommendation

I recommend that **the University** personnel, assigned responsibility for inventory control, complete a physical inventory of equipment at least once every two years and reconcile data noted during the inventory to the equipment records. Also, an appropriate control system should be used where equipment acquired with federal funds are easily identifiable.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-13 - Reporting

Federal Program and Specific Federal Award Identification

CDFA Number and Title

93.859 – Biomedical Research and Research Training

Federal Award Year

June 30, 2009

Federal Agency

U.S Department of Health and Human Services

Pass-Through Entity

Not Applicable

Criteria

The OMB Circular A-133 Compliance Supplement indicates that reports of Federal awards submitted to the Federal awarding agency or pass-through entity should include all activity of the reporting period, be supported by underlying accounting or performance records, and be fairly presented in accordance with program requirements.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-13 – Reporting, Continued

Condition and Perspective

During my audit of the reports required by the Biomedical Research and Research Training programs, I noted the following:

University personnel was unable to locate the required Federal Financial Status Report (SF-269) for the *Research Initiative for Scientific Enhancement (RISE)* program for fiscal year ended 2009.

I also noted that University personnel failed to provide accounting records to support that SF-269 report that was submitted to the federal awarding agency for the *Partnership for Minority Access to Baccalaureate Degrees program*.

University personnel failed to provide evidence that the required Federal Cash Transactions Report (SF-272) was submitted for the quarter ended March 31, 2009.

The SF-272 report submitted for the quarter ended June 30, 2009, did not contain all the required information for the reporting period. I noted that the "Total Receipts" and "Net Disbursements" line items were not completed. Per review of the University's financial records, I noted that the University had disbursements and receipts to be reported for the fourth quarter of the year.

Cause

There was not adequate supervision to ensure that reports are being prepared and issued timely.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-13 – Reporting, Continued

Questioned Costs

No questioned costs were identified.

Effect

Noncompliance with federal reporting requirements.

Recommendation

I recommend that the University establish procedures to ensure that all filed reports are reviewed for accuracy and agreed to supporting documentation.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-14 - Special Tests and Provisions

Federal Program and Specific Federal Award Identification

CFDA Title and Number

84.033 Federal Work Study Program (FWS)

84.063 Federal PELL Grant Program

Federal Award Year

June 30, 2009

Federal Agency

U.S. Department of Education

Pass-Through Entity

Not Applicable

Criteria

The OMB A-133 Compliance Supplement requires the auditor to examine financial reports to provide reasonable assurance that the reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, be supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-14 - Special Tests and Provisions, Continued

Condition and Perspective

During my audit of Fiscal Operations Report and Application to Participate (FISAP) report I noted differences between amounts recorded in the FISAP and supporting documentation as well as instances where amounts were recorded in the wrong location in the FISAP report. I also noted that the FISAP was not properly reviewed by management prior to submission.

Cause

Lack of adequate supervision over individuals preparing FISAP Report.

Questioned Costs

No questioned costs were identified

Effect

Noncompliance with federal reporting requirements.

Recommendation

I recommend that the University implement controls to ensure that information reported in the FISAP report is accurate and agrees to supporting documentation. I also recommend that the University prepare and submit a corrected FISAP report.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-15 - Common Origination and Disbursement (COD) Reporting

Federal Award and Specific Federal Award Identification

CFDA Title and Number

84.063 Federal PELL Grant Program

Federal Award Year

June 30, 2009

Federal Agency

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs, stipulates that all schools receiving PELL grants submit PELL payment data to the Department through the Common Origination and Disbursement (COD) System. Institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Also, auditors are required to test key items on origination records, such as Social Security Number, award amount, enrollment date, verification status code, cost of attendance, etc.)

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-15 - Common Origination and Disbursement (COD) Reporting, Continued

Condition and Perspective

During my audit of the reporting requirements of the Federal PELL Grant Program, I noted the following conditions:

The PELL payment data for two (2) of the twenty (20) students selected for testing was not reported to the Federal awarding agency through the COD system within the allotted 30 calendar days.

The Cost of Attendance (COA) for five (5) of the twenty (20) students selected for testing did not agree to the COA reported in the COD system. Also, I was unable to recalculate the COA reported through COD after considering adjustments made to the students' COA during the fiscal year.

Cause

The Financial Aid Director cited the personnel turnover/lack of staffing in the Financial Aid Office as the main factor that contributed to the reporting findings noted above.

Questioned Costs

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

Effect

Noncompliance with federal reporting requirements.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-15 - Common Origination and Disbursement (COD) Reporting, Continued

Recommendation

I recommend that **the University's** Financial Aid Office:

- Obtain adequate staffing to ensure that the required PELL payment data is reported through the COD system once every 30 calendar days, bi-weekly, or weekly so that disbursement information and changes are reported in a timely manner; and
- Exercise greater care when reporting cost of attendance information through COD to ensure that correct information is presented.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-16 - Financial Reporting / Cash Management

Federal Program and Specific Federal Award Identification

CFDA Title and Number

84.033 Federal Work Study Program (FWS)

84.007 Federal Supplemental Education Opportunity Grant Program (FSEOG)

84.031 Higher Education – Title III Institutional Aid

Federal Award Year

June 30, 2009

Federal Agency

U.S. Department of Education

Pass-Through Entity

Not Applicable

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement Part 4, Section L stipulates that cumulative draw down amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award. OMB Circular A-133 Compliance Supplement Part 3, Section C stipulates that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE,
CONTINUED

Audit Finding Reference Number

2009-16 - Financial Reporting / Cash Management, Continued

Conditions and Perspective

I noted for the Higher Education - Institutional Aid and FSEOG programs that the draw downs as reflected in the G-5 payment system did not reconcile to grant expenditures when considering the collection of prior year receivables and the accruing of end of year receivables accrued receivables by \$100,930 and \$67,358 respectively.

Cause

The University failed to follow established procedures which require personnel to reconcile amounts per the financial records to the amounts drawn down during the year.

Questioned Costs

However, for purposes of this finding, I have not questioned any costs for the Higher Education - Institutional Aid and FSEOG programs as the funds were not drawn down.

Effect

The University is not in compliance with federal regulations which require financial draw downs to be reconciled on a regular basis.

Recommendation

I recommend that grant personnel follow prescribed procedures and ensure that draw downs are reconciled to financial reports and amounts per the general ledger on a monthly basis. Reconciliations should be approved by management monthly.

GRAMBLING STATE UNIVERSITY
AUDIT INFORMATION SCHEDULE

Lead Auditor: SEAN M. BRUNO, Certified Public Accountants
Sean M. Bruno, CPA, Owner
Denise Small, CPA, Manager

License Number: L 4730

Telephone Number: (504) 241-3411

The audit field work was performed between October 12, 2009 and February 23, 2010 at the institution's facilities as follows:

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

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

The institution utilizes a SFA Servicer.

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

The following functions are provided by this SFA Servicer:

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

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



Vice President for Finance and Administration

March 9, 2010

Mr. Sean M. Bruno, CPAs
Certified Public Accountants
4949 Bullard Avenue, Suite 100
New Orleans, LA 70128

Dear Mr. Bruno:

Attached is Grambling State University's Management Corrective Action Plan to the 2008-2009 OMB A-133 Compliance Audit.

If additional information is needed, please contact me at (318) 274-6406 or burnetted@gram.edu.

Sincerely,

Daarel E. Burnette
Vice President for Finance and Administration

DB/ost

C: Dr. Frank G. Pogue, Interim President
Dr. Nick Bruno, Vice President for Business and Finance
Mr. Albert Tezno, Director of Financial Aid
Mr. Talmadge Hasberry, Assistant Controller

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-01 -Federal Schedules of Expenditures, Continued

Conditions and Perspective

We noted during our audit significant weaknesses in internal control over compliance relating to the preparation of the Schedule of Expenditures of Federal Awards, identifying Catalog of Federal Domestic Assistance (CFDA) numbers, pass-through entities and other identifying federal financial assistance information (contract numbers, etc.). The identified weaknesses resulted from the following conditions:

Programs not being included in the schedule;

Program titles in the schedule were not the official titles contained in the CFDA catalog; and
Program titles with the incorrect CFDA numbers.

Management's Response

The Office of Finance and Administration concur with the findings. The institution lacked expertise within the Grants Office and the Controller fail to provide proper oversight review of the Federal Schedules of Expenditures. Just recently, Grambling State University has officially hired an Assistant Controller with vast years of experiences to address both expertise and the oversight issues addressed by the independent auditor.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-02 -Grant Management Procedures

Condition and Perspectives

During our audit, we noted that there was little or no oversight over the staff of the office of grants and contracts. This resulted in indirect costs not being calculated properly, funds not being drawn down timely, and the matching requirement not being adhered to. As a result, the University has not established and maintained effective internal controls over financial reporting.

Management's Response

The Office of Finance and Administration concur with the findings. The institution had the established necessary procedures for calculating the indirect cost and drawing down these funds in a timely manner. The University has hired an Assistant Controller with the experience and knowledge for managing grants requirements. Monthly tracking reports have been developed to aid our efforts of monitoring and ensuring indirect costs are drawn down in a timely manner.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-03 - Student Eligibility

Condition and Perspectives

During our audit we noted one (1) student out of one (1) tested who was not identified as being a U. S. citizen.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. The University has incorporated the Auditor's recommendation of adhering to established procedures to ensure Title IV aid is disbursed only to eligible students.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-04 - Verification

Condition and Perspectives

During our audit we noted six (6) students out of thirty-six (36) tested whose verification information was either conflicting with the verified documentation on file or the verification information was not verified.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendation. To avoid reoccurrences, the following practices are being followed in the Counseling unit:

1. A self-audit by key Financial Aid counselors are conducted each semester, including the summer sessions. In the self-audit, all items that are selected for verification are matched with the supporting documentation. These analyses are completed prior to disbursing financial aid. The Financial Aid Counselors exchange at least fifteen (15) folders with another Financial Aid Counselors in the office. After the Counselor has completed the review and signed off on the self-audit form, the folders are returned to the initial Counselor.
2. Once the Counselors complete the verifications, submitted corrections to CPS, and the corrections are returned, the Counselors are verifying all corrections are being accepted. These actions are performed prior to disbursing financial aid.

The number of students in this finding should be changed to five (5). A folder for one of the indicated students is now available and ready for the Auditor's review.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-05 - Entrance Counseling

Condition and Perspectives

We noted during our audit two (2) students out of fourteen (14) students tested who were first-time borrowers and received a FFEL loan without having an entrance counseling session.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendations. To avoid reoccurrence of this finding, before a FFEL loan is paid to first-time borrowers, the following actions are being performed:

1. The Financial Counselors ensures all first-time borrowers have completed Entrance Counseling before a FFEL loan is certified.
2. At the beginning of each semester, a list is generated by the Default Prevention Unit identifying all first-time borrowers. The list will be matched with documentation from Mapping Your Future ensuring all first-time borrowers have completed Entrance Counseling.
3. Each semester the Default Prevention Unit will print this information from Mapping Your Future to be stored in a binder.

The number of students in this Finding should be changed to (1) because a folder for one of the indicated students is now available. The information is available for the Auditor's review.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-06 - Exit Counseling

Condition and Perspectives

We noted two (2) students out of nine (9) tested who received Title IV funds; withdrew from the University and did not have documentation of exit counseling.

Management's Response

The Office of Student Financial Aid and Scholarships does not concur with the finding. The two students referenced did not withdraw from the University. Therefore, they did not require exit counseling.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-07 - Return of Title IV Funds

Condition and Perspectives

During our audit, we noted the following conditions during our audit:

Four (4) students out of twenty (20) students tested whose funds to be returned by the University were not returned within 45 days of the date that the University determined that the student withdrew; and

We identified four hundred and forty-one (441) students who failed to earn a passing grade in any of their classes. Of that amount, we selected nine (9) students for testing noting that five (5) of the nine (9) students tested failed to earn a passing grade in any of their classes and did not have Return of Title IV Funds calculation on file.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendation.

1. The university is conducting a 100% review of unofficial withdrawals for the 2008/09 aid year. *Special emphasis will be placed on students that earned a "P" grade with zero (0) credit hours and did not earn a passing grade in a credit hour course. These actions are being performed through the Student Accounts and Financial Aid offices.*
2. After the review, if it is determined that there are students that unofficially withdrew and did not have a Title IV Funds calculation done, the calculation will be completed and funds will be returned to the Department of Education immediately.

Also, to ensure that funds are returned by the University to the Department of Education within 45 days of the date that the University determined the student withdrew, the following preventive measures will be implemented:

1. The Coordinator of Fiscal Operations has been released of the additional duties of Counseling, so that adequate attention is devoted to the Loan Unit so the required deadlines are met.
2. When the Student Accounts representative delivers the Title IV calculation to the Financial Aid Office, the calculations are being processed by Financial Aid immediately.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009 -08 - Matching

Conditions and Perspectives

We noted during our audit that grant personnel failed to properly document the match that is required by the Foster Care Title IV-E grant agreement. We also noted that grant personnel failed to provide the required match for the Workforce Investment Act – Youth Activities program as required by the grant agreement.

Management's Response

The Office of Finance and Administration concur with the findings. The institution has change personnel to assure that the necessary in-kind documentation is kept on file and provided to the grantor agencies as required.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

Questioned Costs

2009 -09 – Allowable Cost

\$ 6,647

Conditions and Perspectives

We noted during our audit that grant personnel failed to follow prescribed procedures to ensure that indirect costs charged to grant programs conform to guidelines contained in the grant agreement. We noted instances whereby amounts charged to grant programs exceeded the amounts allowed per the grant agreement as well as instances where amounts charged to grant programs were less than the amount allowed per the grant agreement.

Management's Response

The University concurs with the findings. The billing was approved and accepted by the grantor; however, written documentation of the change in budget allocation should have been obtained and filed. This documentation will be retrieved from the grantor agency. In the future, this information is being collected and filed.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-10 – Sub-recipient Monitoring

Conditions and Perspectives

During our audit, we noted that University personnel failed to monitor the activities of two (2) sub-recipients of the Biomedical Research and Research Training (Partnership for Minority Access to Baccalaureate Degrees) program. Monitoring includes obtaining and reviewing the sub-recipient's audit report to determine whether the required audit was performed and to verify that the sub-recipient had "no audit findings" related to the program.

Management's Response

The Office of Finance and Administration concurs with the findings. The Grants and Contract office now has a knowledgeable manager to oversee the monitoring process. A formal document of assurance is being required of all sub-recipients in partnership with Grambling State University. Furthermore, the University will request a copy of the OMB-133 audit section and assurance that the audit was submitted to the federal government.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-11 – Procurement and Suspension and Debarment

Condition and Perspectives

During the audit, we noted that University personnel did not perform suspension or debarment verification checks, by the EPLS, collecting certification from vendors/sub-recipients, or adding a clause or condition to the vendors'/sub-recipient's contracts/agreements.

Management's Response

The Office of Finance and Administration concur with the findings. The Grants and Contract office now has a knowledgeable manager to perform the suspension or debarment verification checks. A suspension and debarment clause will be added to all vendors/sub-recipients purchase order. The institution procurement policies are governed by the State of Louisiana that has guidelines pertaining ethical conduct; however, the institution will place those guidelines into the appendix of the University policies.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-12 -- Equipment and Real Property Management

Condition and Perspectives

During our audit, we noted that a campus-wide physical inventory of equipment was not being completed and reconciled to the equipment records. In addition, University personnel were unable to provide a listing of equipment by federal program.

Management's Response

The institution partially concurs with this finding and launched a campus wide effort to identify and tag all state and federal equipment. The campus wide inventory performed by Inventory Valuation Group was completed in August 2009 time frame. The University will continue its effort to inventory and tag all federal procured equipment.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-13 – Reporting

Condition and Perspectives

During the auditor's review of the Biomedical Research and Research Training, they noted the University personnel were unable to locate the FY 2009 Federal Financial Status Report. It was also discovered the university personnel failed to provide accounting records to support the SF-269 and SF-272.

Management Response

The University concurs with the findings. The Grants and Contract office now has a knowledgeable manager to perform these oversight duties. The delinquent reports have been prepared and presented to the funding entities. The new leadership has trained the administrative grant personnel on how to perform these duties, thus avoiding a repeat finding.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-14 – Special Tests and Provisions

Condition and Perspectives

During our audit of Fiscal Operations Report and Application to Participate (FISAP) report we noted differences between amounts recorded in the FISAP and supporting documentation as well as instances where amounts were recorded in the wrong location in the FISAP report.

Management Response

The University concur with the findings. A corrected FISAP report will be submitted by 30 June 2010. To assure accuracy in future preparation of the FISAP report, the newly hired Financial Aid Director will ensure the information is populated correctly and the calculations will be validated by the Controller's Office.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-15 – Common Origination and Disbursement (COD) Reporting

Condition and Perspectives

During our audit of the reporting requirements of the Federal Pell Grant Program, we noted the following conditions:

The Pell payment data for two (2) of the twenty (20) students selected for testing was not reported to the Federal awarding agency through the COD system within the allotted 30 calendar days.

The Cost of Attendance (COA) for five (5) of the twenty (20) students selected for testing did not agree to the COA reported in the COD system. Also, we were unable to recalculate the COA reported through COD after considering adjustment made to the students' COA during the fiscal year.

Management Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendations. The University will have knowledgeable and adequate staff to ensure that the required Pell payment data is reported the COD system once every 30 calendar days, bi-weekly, or weekly so that disbursement information and changes are reported in a timely manner and provide cost of attendance information through the COD that is correct.

OMB A-133 Compliance Audit Fiscal 2008-2009

Management Responses

Audit Finding Reference Number

2009-16 -- Federal Financial Reports/Cash Management

Condition and Perspectives

We noted for the Higher Education -- Institutional Aid and FSEOG programs that the difference between draw downs as reflected in the Grant Administration and Payment System (GAPS) did not reconcile to grant expenditures when considering accrued receivables. Grant expenditures appear to be overstated by \$100,930 and \$67,358 respectively.

Management Response

The University concur with the finding that the Grant Administration and Payment System (G5) due to accrued receivable not being reconciled. Reconciliation of the G5 to the institution's general ledger is being performed by the close of each month. This practice should eliminate inaccurate receivables due to accruals.