

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Grambling State University
State of Louisiana
Grambling, Louisiana

December 15, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**
Grambling, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000
With Supplemental Information Schedules

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge, Shreveport, and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

December 15, 2000

**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**
Grambling, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000
With Supplemental Information Schedules

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LEGISLATIVE AUDITOR

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December 11, 2000

Independent Auditor's Report
on the Financial Statements

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Grambling, Louisiana

We attempted to audit the accompanying general purpose financial statements of Grambling State University, a component unit of the State of Louisiana, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of Grambling State University management.

The university's accounting records were not complete and contained inadequacies. Management represented to us that the financial statements were complete and that all accounting records were provided for our review. However, audit procedures disclosed inadequacies in the accounting records, including unsupported entries in the bank reconciliations and journal vouchers, checks, and pay-in vouchers that were unsupported; and inadequate controls and record keeping for receivables, deferred charges, certain liability accounts, and fund balance. Uncertainties about the fair presentation of these accounts in the financial statements prevent management from providing assurance that operating surpluses of the General Fund were returned to the State Treasury as required by state law or that an operating deficit had not been incurred as prohibited by state law. Furthermore, funds received by the university's band from private donors and other activities were deposited directly into the Grambling University Athletic Foundation and were not properly recorded in the university's accounting records. These inadequacies made it impractical to apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying general purpose financial statements.

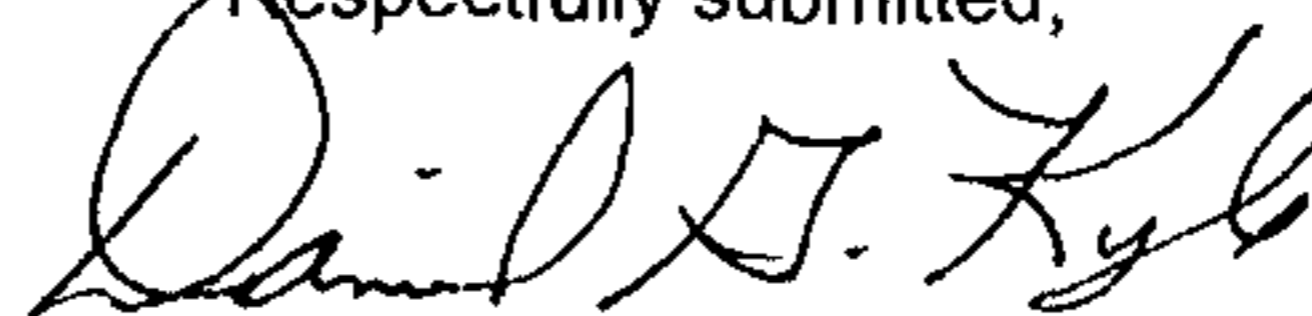
Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph or on the accompanying supplemental information schedules.

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 2000

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2000, on our consideration of Grambling State University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of attempting an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CAC:MAN:DSP:dl

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

Balance Sheet - All Funds, June 30, 2000

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	\$602,948		\$652,452	\$1,107,736	
Investments	999,471	\$4,396,690	49,460		\$1,742,141
Receivables (net)	2,250,409	2,453,319	3,663,171	85,966	
Due from other funds					
Notes receivable	72			728,369	
Prepayments	147,129	92,810	1,170		
Inventories	389,206	155,832	42,572		
Other assets	201	61			
Institutional plant (net, where applicable)					
TOTAL ASSETS	\$4,389,436	\$7,098,712	\$4,408,825	\$1,922,071	\$1,742,141
LIABILITIES AND FUND EQUITY					
<i>Liabilities:</i>					
Accounts payable and accruals	\$932,814	\$227,575	\$192,323	\$1,308	
Compensated absences payable	1,865,175	594,690	230,388		
Due to state treasury	376,948				
Due to other funds		733,447			\$68,279
Deferred revenues	1,144,573	120,523	130,119	134	
Amounts held in custody for others		411,560			
Notes payable					
Bonds payable					
Other liabilities		109,142	2,419	409,309	
Total Liabilities	4,319,510	2,196,937	555,249	410,751	68,279
<i>Equity:</i>					
Net investment in plant					
<i>Fund balances:</i>					
Reserved for debt service					
Reserved for inventories	389,206				
Current operations - unrestricted	(319,280)	4,901,775			
Current operations - restricted			3,853,576	1,511,320	
Noncurrent operations - endowment					1,673,862
Total Equity	69,926	4,901,775	3,853,576	1,511,320	1,673,862
TOTAL LIABILITIES AND EQUITY	\$4,389,364	\$7,098,712	\$4,408,825	\$1,922,071	\$1,742,141

The accompanying notes are an integral part of this statement.

Statement A

UNEXPENDED	PLANT FUNDS			AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		
\$1,125,011	\$933,906	\$771,120		\$118,022	\$5,311,195
49,386					7,237,148
29,428					8,482,293
801,726					801,726
					728,441
					241,109
					587,610
					262
			\$154,568,852		154,568,852
<u>\$2,005,551</u>	<u>\$933,906</u>	<u>\$771,120</u>	<u>\$154,568,852</u>	<u>\$118,022</u>	<u>\$177,958,636</u>
				\$3,917	\$1,357,937
					2,690,253
					376,948
					801,726
\$2,047				102,493	1,499,889
					411,560
			\$2,982,107		2,982,107
			1,984,000		1,984,000
				11,612	532,482
<u>2,047</u>	<u>NONE</u>	<u>NONE</u>	<u>4,966,107</u>	<u>118,022</u>	<u>12,636,902</u>
			149,602,745		149,602,745
	\$600,000	\$771,120			1,371,120
					389,206
2,003,504					6,585,999
	333,906				5,698,802
					1,673,862
<u>2,003,504</u>	<u>933,906</u>	<u>771,120</u>	<u>149,602,745</u>	<u>NONE</u>	<u>165,321,734</u>
<u>\$2,005,551</u>	<u>\$933,906</u>	<u>\$771,120</u>	<u>\$154,568,852</u>	<u>\$118,022</u>	<u>\$177,958,636</u>

UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA

Statement of Changes in Fund Balances
For the Year Ended June 30, 2000

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Tuition and fees - restricted	\$13,954,447		\$1,188,760	
State appropriations - restricted	19,575,107		1,488,814	
Governmental grants and contracts:				
Federal	341,737		15,918,197	
Local	937,942		14,363	
Private gifts, grants, and contracts			401,556	
Sales and services - educational departments	229,756			
Investment income - restricted	181,950			
Endowment income	8,879			
Auxiliary enterprise revenues		\$12,103,672		
Interest on loans receivable				\$14,546
Retirement of indebtedness				
Addition to plant facilities				
Other sources	479,787		1,347,712	
Total revenues and other additions	<u>35,709,605</u>	<u>12,103,672</u>	<u>20,359,402</u>	<u>14,546</u>
Expenditures and other deductions:				
Educational and general	35,022,546		19,303,460	231
Auxiliary enterprises		11,801,440		
Expended for plant facilities				
Loan cancellations and write-offs				
Retirement of indebtedness				
Disposal of plant facilities				
Compensated absences	184,143	38,931	48,162	
Other	35,103		573,425	
Total expenditures and other deductions	<u>35,241,792</u>	<u>11,840,371</u>	<u>19,925,047</u>	<u>231</u>
Transfers among funds - additions (deductions):				
Mandatory - principal and interest		(519,205)		
Nonmandatory - other	(428,912)		428,912	
Total transfers among funds	<u>(428,912)</u>	<u>(519,205)</u>	<u>428,912</u>	<u>NONE</u>
Inventory increase (decrease)	<u>(38,901)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	NONE	(255,904)	863,267	14,315
Fund balances at beginning of year, as restated	<u>69,926</u>	<u>5,157,679</u>	<u>2,990,309</u>	<u>1,497,005</u>
Fund balances at end of year	<u>\$69,926</u>	<u>\$4,901,775</u>	<u>\$3,853,576</u>	<u>\$1,511,320</u>

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUNDS	PLANT FUNDS			INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS		
					\$15,143,207
					21,063,921
					16,259,934
					952,305
					401,556
					229,756
	\$172,464				354,414
\$48,355					57,234
					12,103,672
					14,546
				\$396,343	396,343
				7,421,434	7,421,434
25,081					1,852,580
<u>73,436</u>	<u>172,464</u>	<u>NONE</u>	<u>NONE</u>	<u>\$7,817,777</u>	<u>76,250,902</u>
					54,326,237
					11,801,440
	86,313				86,313
			\$396,343		396,343
			160,100		160,100
				346,424	346,424
					271,236
			102		608,630
<u>NONE</u>	<u>86,313</u>	<u>NONE</u>	<u>556,545</u>	<u>346,424</u>	<u>67,996,723</u>
	(72,340)	\$35,000	556,545		
<u>NONE</u>	<u>(72,340)</u>	<u>35,000</u>	<u>556,545</u>	<u>NONE</u>	<u>NONE</u>
<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>(38,901)</u>
73,436	13,811	35,000	NONE	7,471,353	8,215,278
1,600,426	1,989,693	898,906	771,120	142,131,392	157,106,456
<u>\$1,673,862</u>	<u>\$2,003,504</u>	<u>\$933,906</u>	<u>\$771,120</u>	<u>\$149,602,745</u>	<u>\$165,321,734</u>

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
CURRENT FUNDS**

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 2000**

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	TOTAL (MEMORANDUM ONLY)
Revenues:				
Tuition and fees	\$13,954,447		\$1,188,760	\$15,143,207
State appropriations	19,575,107		1,488,814	21,063,921
Governmental grants and contracts:				
Federal	341,737		15,918,197	16,259,934
Local	937,942		14,363	952,305
Private gifts, grants, and contracts			401,556	401,556
Sales and services of educational departments	229,756			229,756
Investment income	181,950			181,950
Endowment income	8,879			8,879
Auxiliary enterprise revenues		\$12,103,672		12,103,672
Other sources	479,787		1,347,712	1,827,499
Total revenues	<u>35,709,605</u>	<u>12,103,672</u>	<u>20,359,402</u>	<u>68,172,679</u>
Expenditures and transfers:				
Educational and general:				
Instruction	15,643,968		1,431,345	17,075,313
Research	12,170		1,122,552	1,134,722
Public service			153,979	153,979
Academic support	4,695,819		3,166,931	7,862,750
Student services	1,726,005		4,591,006	6,317,011
Institutional support	7,606,557		3,684,770	11,291,327
Operation and maintenance of plant	2,754,445		38,949	2,793,394
Scholarships and fellowships	2,538,371		4,683,786	7,222,157
Compensated absences	184,143	38,931	48,162	271,236
Other	80,314		1,003,567	1,083,881
Total educational and general expenditures	<u>35,241,792</u>	<u>38,931</u>	<u>19,925,047</u>	<u>55,205,770</u>
Nonmandatory transfers - other	428,912	NONE	(428,912)	NONE
Total expenditures and transfers	<u>35,670,704</u>	<u>38,931</u>	<u>19,496,135</u>	<u>55,205,770</u>
Auxiliary Enterprises:				
Expenditures		11,801,440		11,801,440
Mandatory transfers for - principal and interest		519,205		519,205
Total Auxiliary Enterprises	NONE	<u>12,320,645</u>	NONE	<u>12,320,645</u>
Total expenditures and transfers	<u>35,670,704</u>	<u>12,359,576</u>	<u>19,496,135</u>	<u>67,526,415</u>
Other additions (deductions):				
Excess of restricted receipts over transfers to revenue	38,901	(255,904)	863,267	646,264
Inventory increase (decrease)	(38,901)	NONE	NONE	(38,901)
Net increase (decrease) in fund balances	<u>NONE</u>	<u>(\$255,904)</u>	<u>\$863,267</u>	<u>\$607,363</u>

The accompanying notes are an integral part of this statement.

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UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 2000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

The GASB recognized two models for college and university accounting and financial reporting in GASB Statement 15: the AICPA College Guide model, AICPA Industry Audit Guide, *Audits of Colleges and Universities*; and the Governmental model, established by the National Council on Governmental Accounting, *Governmental Accounting and Financial Reporting Principles*. For financial reporting, the Division of Administration has chosen the former. The accompanying financial statements have been prepared in accordance with the AICPA College Guide.

The GASB, Code Section 2100, has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statement of the university contains sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statement presents information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

The university is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, The Financial Reporting Entity, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report which includes the activity contained in the accompanying financial statement. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

3. FUND ACCOUNTING

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the university are maintained in accordance with the principles of "fund accounting." Such principles prescribe the manner in which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Accounts are separately maintained for each fund; however, in the accompanying financial statement, funds having similar characteristics have been combined in fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups. A brief description of each of the fund groups follows:

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic sub-groups - unrestricted and restricted.

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual Legislative appropriations act, and include the General Fund.

Restricted current funds represent those operating funds on which restrictions have been imposed which limit the purposes for which such funds can be used, and includes the Auxiliary Enterprise Fund and gifts, grants, or contracts from governmental or private agencies. (e.g. College Work-Study, Supplemental Educational Opportunity Grant, Pell Grants, etc.)

Student Loan Funds

The purpose of this fund group is to account for resources available for loans to students.

Endowment Funds

Endowment Funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal. Income derived from investments of endowments is accounted for in this fund, or if unrestricted, as revenues in unrestricted current funds.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Plant Funds

The Plant Funds group contains four self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Funds for renewals and replacements are set aside from current operating revenues for the renewal and replacement of auxiliary enterprise properties. Funds for retirement of indebtedness are to service plant indebtedness of the university. Investment in plant includes all long-lived assets of the university.

Agency Funds

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops.

4. BASIS OF ACCOUNTING

The financial statements of the university have been prepared on the accrual basis of accounting, except (1) depreciation is not recognized; (2) inventories of the General Fund are recorded as expenditures at the time of purchase; and (3) summer school tuition and fees, faculty salaries and related benefits for June are not prorated, but deferred to the succeeding year.

The statement of current funds' revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal acquisitions, repairs, and renovation; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a non-mandatory nature for all other cases.

5. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve fund balances, is employed by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statement because the university does not have the ability to finance the liquidation of encumbrances after June 30, 2000, as provided by Louisiana Revised Statute 39:82.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

6. TOTAL COLUMNS ON COMBINED STATEMENTS

The total column on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not necessarily present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

7. INVENTORIES

Inventories are valued at the lower of cost or market. Inventories in the General Fund are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reservation which indicates that this portion of the fund balance does not constitute "available spendable resources."

The inventories of the Auxiliary Enterprise Funds are expensed when sold or used.

8. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition, fair market value at date of donation in the case of gifts, or estimated historical cost if actual cost is not known, or market value for livestock. Depreciation on physical plant and equipment is not recorded. Public domain or infrastructure assets are not capitalized. Construction in progress is capitalized during construction.

9. DEFERRED REVENUES

Tuition and fees collected at June 30, 2000, but applicable to the 2000 summer session, and certain revenues for other programs or activities to be conducted primarily in the following fiscal year are reported as deferred revenues/credits. Expenses related to this session's programs and activities are reported in the period the tuition and fees are recognized as revenues.

B. BUDGETARY PRACTICES

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of Regents and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to submit budgets for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be

UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; (4) inventories in the General Fund are recorded as expenditures at the time of purchase; and (5) certain capital leases are not recorded.

The following is an appropriation budgetary comparison for current year General Fund appropriation:

	<u>Actual</u>	<u>Adjustment to Budget Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Appropriated by Legislature:				
State General Fund (Direct)	\$21,453,431		\$21,453,431	
State General Fund by self-generated revenues	15,792,761		21,335,574	\$5,542,813
Federal Funds	341,737		330,000	(11,737)
Other:				
Operational funds	161,037		161,037	
Dedicated equipment			407,003	407,003
Settlement agreement	1,375,426		1,375,426	
Total revenues	<u>39,124,392</u>	<u>NONE</u>	<u>45,062,471</u>	<u>5,938,079</u>
Expenditures				
Program expenditures	37,210,959		43,119,005	5,908,046
Restricted transfers	1,913,433		1,943,466	30,033
Total expenditures	<u>39,124,392</u>	<u>NONE</u>	<u>45,062,471</u>	<u>5,938,079</u>
Unexpended appropriation - current year	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

Reconciliation of Revenues Appropriated by Legislature:

State General Fund (Direct)	\$21,453,431
Amount recorded directly to Auxiliary Fund (Athletic transfer)	<u>(1,878,324)</u>
State appropriations (Statements B and C)	<u>\$19,575,107</u>

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS
AND INVESTMENTS**

For reporting purposes, cash and cash equivalents include petty cash, demand deposits, time deposits, and certificates of deposit. Cash and cash equivalents are stated at cost, which approximates market. Under state law, the deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank, and the university may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

Furthermore, the university may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Bank One maintains investment accounts as authorized by Louisiana Revised Statute 49:327(C)(3). University investments include repurchase agreements, federated funds, registered common and preferred stock, registered bonds, and U.S. Government securities. Investments are reported as required by GASB 31, and investments received as gifts are recorded initially at fair value at date of acquisition.

1. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, Grambling State University may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the university may invest in time certificates of deposit in state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 2000, were secured as follows:

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GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Deposits in Bank Accounts

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	\$3,443,581	\$1,867,614	\$5,311,195
Bank Balances:			
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$700,000	\$500,000	\$1,200,000
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	1,133,603	1,367,614	2,501,217
c. Uncollateralized, including any securities held for the entity but not in the entity's name	4,254,637		4,254,637
Total Bank Balances	\$6,088,240	NONE	\$7,955,854
Difference between balance sheet and total bank balances	(\$2,644,659)	NONE	(\$2,644,659)

The following is a breakdown by banking institution, program, and amount of the bank balances shown above:

Banking Institution	Program	Amount
1. Bank One	General Treasury	
2. Bank One	Accounts Payable	\$117,388
3. Bank One	Payroll	
4. Bank One	NDSL	295,166
5. Bank One	Nursing Student Loans	64,581
6. Bank One	Federal Funds EFT	
7. Bank One	Hi-Fi	5,611,105
8. Grambling Fed Cr Union	All Programs	40,998
9. Grambling Fed Cr Union	All Programs	62,976
10. Community Trust Bank	All Programs	100,000
11. 1st United-Farmerville	All Programs	854,572
12. 1st United-Farmerville	All Programs	809,068
Total		\$7,955,854

UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

2. Investments

The university does maintain investment accounts as authorized by Louisiana Revised Statute (LSA) 49:327(C)(3). Investments can be classified according to the level of risk to the entity. The following describes categories of risk.

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Type of Investment	Category of Risk			Reported Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$6,961,556			\$6,961,556	\$6,952,375
Common & Preferred Stock	5,000			5,000	2,440
Corporate Bonds	300,058			300,058	282,333
Total	\$7,266,614	NONE	NONE	\$7,266,614	\$7,237,148

3. Other Disclosures Required for Investments

- a. Unrealized investment losses \$148,898
- b. Investment types owned during the year but not owned as of June 30, 2000 U.S. Government Securities

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A net of an allowance for doubtful accounts as follows:

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GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

<u>Fund</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivables Statement A</u>
Operating	\$4,181,603	\$1,931,194	\$2,250,409
Auxiliary	3,271,698	818,379	2,453,319
Restricted	3,904,759	241,588	3,663,171
Student Loan	87,476	1,510	85,966
Unexpended Plant	56,607	27,179	29,428
Total	<u>\$11,502,143</u>	<u>\$3,019,850</u>	<u>\$8,482,293</u>

E. INTERFUND BORROWING

All interfund loans are temporary in nature; no interest is charged on interfund loans. Interfund borrowings are recorded on each fund as due to/due from other funds. The following funds recorded interfund borrowings for fiscal year 2000:

<u>Interfund Loan</u>	<u>Terms of Repayment Schedule</u>
Auxiliary	\$733,447
Endowment	68,279

F. PLANT FUNDS

A summary of investment in plant follows:

	<u>Balance July 1, 1999</u>	<u>Adjustments</u>	<u>Restated Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land	\$6,030,247		\$6,030,247			\$6,030,247
Improvements	2,352,427		2,352,427			2,352,427
Buildings	89,249,365		89,249,365			89,249,365
Equipment	29,029,162	(\$83,810)	28,945,352	\$1,926,291	\$343,134	30,528,509
Library books	12,530,269	83,810	12,614,079	201,460	3,290	12,812,249
CIP	8,302,372		8,302,372	5,293,683		13,596,055
Total	<u>\$147,493,842</u>	<u>NONE</u>	<u>\$147,493,842</u>	<u>\$7,421,434</u>	<u>\$346,424</u>	<u>\$154,568,852</u>

In accordance with Louisiana Revised Statutes 39:321-332, the university has complied with the Louisiana movable property statutes.

UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The schedule below is a summary of the debt service requirements of the various bond issues and reimbursement contracts payable at June 30, 2000, and the amounts available to meet those requirements for plant funds.

<u>Issue</u>	<u>Cash Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Renewals and Replacements Fund - Student Housing System Repair and Replacement Account	<u>\$933,906</u>	<u>\$600,000</u>	<u>\$333,906</u>
Retirement of Indebtedness Fund:			
Student Housing System Revenue Bonds	511,700	511,700	
Academic Facilities Building Use Fee Revenue Bonds	81,420	81,420	
United States Department of Education Notes	<u>178,000</u>	<u>178,000</u>	
Total Retirement of Indebtedness Fund	<u>771,120</u>	<u>771,120</u>	<u>NONE</u>
Total	<u>\$1,705,026</u>	<u>\$1,371,120</u>	<u>\$333,906</u>

G. DUE FROM PRIVATE FOUNDATIONS

The amount of matching funds received by the university from the State pursuant to the endowed chair and professorship program and the related unexpended earnings shown on the accompanying financial statement as (Due From Private Foundations) is \$-0- at June 30, 2000. These funds are held and invested by the university and not the university's foundation.

H. GENERAL FUND

At June 30, 2000, the General Fund had an unexpended appropriation of \$-0- due to the State Treasury (included in "Other Liabilities" - Statement A). This amount, after adjustment, should be remitted to the State Treasury.

The amount of \$376,948 shown as due to the State Treasury (included in Statement A) includes \$349,951 of unexpended appropriation due to the State Treasury as of June 30, 1999, which has not been remitted to the State as of June 30, 2000.

As provided by Louisiana Revised Statute 17:3886(A), the university adopted a building and facility preventative maintenance program which was approved by the Louisiana Board of Regents. This program allows the university to retain any funds appropriated or allocated that were unexpended and unobligated at the end of the fiscal year. At least 50% of the retained funds will be maintained in a preventative maintenance reserve fund in the restricted fund and will be used solely for preventative maintenance purposes in accordance with the approved plan, subject to approval by the supervisory board, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. All retained funds will be spent for non-recurring projects. As shown on Statements B and C, at June 30, 2000, the university had restricted-current funds totaling \$428,912 which will be retained for these purposes.

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GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

I. CHANGES IN LONG-TERM DEBT

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2000:

	<u>Bonds Payable</u>	<u>Reimbursement Contracts Payable</u>	<u>Notes Payable</u>	<u>Totals</u>
Outstanding at July 1, 1999	\$2,294,000		\$3,068,450	\$5,362,450
Retired	<u>310,000</u>		<u>86,343</u>	<u>396,343</u>
Outstanding at June 30, 2000	<u>\$1,984,000</u>	<u>NONE</u>	<u>\$2,982,107</u>	<u>\$4,966,107</u>

A detailed summary, by issues, of all debt outstanding at June 30, 2000, including outstanding interest \$1,416,173 is shown on Schedules 1 and 2. Schedules 3 and 4 are amortization schedules of the outstanding debt.

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement.

Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave and compensatory leave at June 30, 2000, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C 60.105, is estimated to be \$1,971,763, \$269,912 and \$448,578, respectively. The leave payable is recorded in the accompanying financial statement. Also, the net increase in fund balance would be decreased by \$271,236 for the year ended June 30, 2000, and an adjustment to decrease prior year fund balances would be made for \$-0-.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

K. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the university if they are made to the faculty members in their capacity as employees of the university.

The amount of on-behalf payments for fringe benefits and salaries included in the accompanying financial statement for fiscal year 2000 is \$-0-.

L. CONTINGENT LIABILITIES

Losses arising from judgments, claims, and similar contingencies such as guarantor of mortgage loans on sorority and fraternity houses are considered state liabilities and paid upon appropriation by the Legislature and not the university. The university is involved in five lawsuits at June 30, 2000, in which the plaintiffs are seeking claims totaling an unspecified amount. In the opinion of the legal counsel of the university, the potential liability of these pending lawsuits is estimated to be \$35,000. This potential liability has not been recorded as of June 30, 2000.

M. LEASES

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

Operating Leases

Total operating lease expenditures for fiscal year 1999-2000 amounted to \$5,719. (Operating leases are all leases which do not meet the criteria of a capital lease.) The annual rental payments for the next five years are presented as follows:

<u>Nature of Lease</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>Thereafter</u>
Other - Auto	<u>\$5,719</u>	<u>\$11,025</u>	<u>\$6,807</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Capital Leases

The university records items under capital leases as an asset and an obligation in the accompanying financial statements.

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers at the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life, or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

As of June 30, 2000, the university had no capital leases.

Revenue Leases

1. Lessor Direct Financing Leases

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when *both the following criteria are satisfied:*

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

At June 30, 2000, the university had no direct financing leases.

2. Lessor - Operating Lease

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

The university had no property on lease or held for leasing as of June 30, 2000.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

N. STATE APPROPRIATIONS

<u>Funds/accounts showing warrants drawn</u>	<u>Amount</u>
State Direct	\$21,453,431
Desegregation	1,375,426
Higher Education Enhancement	<u>161,037</u>
Total warrants drawn from State Treasury	<u><u>\$22,989,894</u></u>

O. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE

Grambling State University provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university. The university recognizes the cost of providing these benefits (university's portion of premiums) as an expenditure when paid during the year, which totaled \$925,871 for the year ended June 30, 2000. The cost of providing those benefits for 214 retirees is not separable from the cost of providing benefits for the 607 active employees. As defined by GASB 12, the dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

P. STUDENT LOAN FUNDS

The fund balance of the Student Loan Funds at June 30, 2000, are comprised of the following:

Perkins Loan Fund	\$900,830
Health Professions Loan Fund	310,492
Miscellaneous Other Loan Funds	<u>299,998</u>
Total	<u><u>\$1,511,320</u></u>

UNAUDITED

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Q. AUXILIARY ENTERPRISES

A summary of the net increases (decreases) in the Auxiliary Enterprise Funds for the year ended June 30, 2000, is as follows:

	<u>Food Services</u>	<u>Housing</u>	<u>Bookstore</u>	<u>Student Center</u>	<u>Athletics</u>	<u>Other</u>
Net increase (decrease) in fund balances	\$415,194	(\$241,939)	\$293,740	(\$761,073)	(\$114,926)	\$153,100
Net income (loss)						
Net assets						
Outstanding principal and interest on debt		6,382,281				
Annual principal and interest on debt		556,443				

R. RESERVATIONS OF FUND BALANCE

Fund balances at June 30, 2000, as shown on Statement A, are summarized as follows:

	<u>Unrestricted</u>	<u>Internally Designated</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Total</u>
Current Funds:					
General	(\$319,280)		\$389,206		\$69,926
Auxiliary Enterprises	4,901,775				4,901,775
Restricted				\$3,853,576	3,853,576
Non-current Funds:					
Student Loan Funds				1,511,320	1,511,320
Endowment Funds				1,673,862	1,673,862
Plant Funds:					
Unexpended	2,003,504				2,003,504
Renewals/Replacements			333,906	600,000	933,906
Retirement of Indebtedness			771,120		771,120
Total	<u>\$6,585,999</u>	<u>NONE</u>	<u>\$1,494,232</u>	<u>\$7,638,758</u>	<u>\$15,718,989</u>

S. ACCOUNTING CHANGES

No accounting changes were made during the fiscal year ended June 30, 2000.

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

**T. PRIOR-YEAR RESTATEMENT
OF FUND BALANCES**

The following adjustments were made to restate beginning fund balance for June 30, 2000.

<u>Fund</u>	Fund Balance at July 1, 1999, previously reported	Adjustments	Fund Balance at July 1, 1999, as Restated
General	(\$1,242,276)	\$1,312,202	\$69,926
Auxiliary	255,365	4,902,314	5,157,679
Restricted	4,248,106	(1,257,797)	2,990,309
Student Loan	1,570,494	(73,489)	1,497,005
Endowment	1,608,804	(8,378)	1,600,426
Plant:			
Unexpended	2,354,501	(364,808)	1,989,693
Renewal/Replacement	863,906	35,000	898,906
Retirement of Indebtedness	937,330	(166,210)	771,120
Investment in Plant	142,131,392	NONE	142,131,392

Grambling State University experienced a catastrophic computer failure during 1998-1999. As a result, the 1999 AFR submitted included estimates and averages, until more accurate balances could be attained through the reconstruction of the accounting transactions for fiscal year 1998-1999.

U. FUND DEFICIT

The following individual fund types had deficits in unreserved fund balance at June 30, 2000:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$319,280

V. FEDERAL GRANTS

The university participates in a number of federally assisted grant programs reported in the Restricted Fund. These programs are subject to program compliance audits by the grantors, but all such audits for 2000 have not been conducted. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the university's management feels such disallowances, if any, will be immaterial.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

W. GRANT AWARDS

Grant awards not yet funded and for which the institution has not yet performed services have not been considered as assets in the financial statement. The total amount of such uncollected grant awards at June 30, 2000, equals \$221,000.

X. PLEDGES OF GIFTS

Pledges of gifts including uncollected subscriptions, subscription notes, and estate notes not reported in the financial statement amount to \$0.

Y. FOUNDATIONS

The accompanying financial statement does not include foundations that are separate corporations whose financial statement is subject to audit by independent certified public accountants. The following are outside organizations created for or on behalf of the university whose funds are not included in the financial statement of the university but are managed by persons who are also university employees:

Grambling University Athletic Foundation
Grambling University Alumni Foundation

Z. RELATED PARTY TRANSACTIONS

The university has no related party transactions.

A1. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the accompanying financial statement.

B1. PER DIEM PAID BOARD MEMBERS

The university has not expended any payments as per diem to board members during the fiscal year ended June 30, 2000.

**C1. INTERAGENCY TRANSFERS TO OFFICE
OF FACILITY PLANNING AND CONTROL**

The university has made no interagency transfers to the Office of Facility Planning and Control.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

D1. PENSION PLANS

Substantially all of the employees of the university are members of two statewide public employee retirement system(s). Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 16.4 percent of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS and LASERS for the year June 30, 2000, were \$2,719,644 and \$1,147,527, respectively.

Optional Retirement System

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the Louisiana Teachers Retirement System (TRS) for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

E1. ADVANCE REFUNDING OF BONDS

There were no bonds refunded in advance during fiscal year ended June 30, 2000.

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2000**

The following supplemental information schedules present the Schedule of Bonds and Notes Payable, the Schedule of Long-Term Debt and Notes Payable Amortization, and the Schedule of State and Local Funding for the fiscal year ended June 30, 2000.

**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Bonds Payable
For the Year Ended June 30, 2000**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING JUNE 30, 1999</u>	<u>(REDEEMED) ISSUED</u>	<u>OUTSTANDING JUNE 30, 2000</u>	<u>INTEREST RATES</u>	<u>INTEREST OUTSTANDING JUNE 30, 2000</u>
Series B	10/01/1965	\$4,000,000	\$1,140,000	\$145,000	\$995,000	6%	\$97,988
Series B	10/01/1968	3,000,000	1,041,000	95,000	946,000		122,430,000
Series G	11/01/1969	472,000	22,000	22,000		3%	
Series H	11/01/1969	125,000	6,000	6,000		3%	
Series I	11/01/1969	800,000	85,000	42,000	43,000	3%	645
Total		<u>\$8,397,000</u>	<u>\$2,294,000</u>	<u>\$310,000</u>	<u>\$1,984,000</u>		<u>\$221,063</u>

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Notes Payable
For the Year Ended June 30, 2000**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING JUNE 30, 1999</u>	<u>REDEEMED (ISSUED)</u>	<u>OUTSTANDING JUNE 30, 1999 MATURITIES</u>	<u>INTEREST RATES</u>	<u>INTEREST OUTSTANDING JUNE 30, 2000</u>
U.S. Department of Education	5/1/93	<u>\$3,500,000</u>	<u>\$3,068,450</u>	<u>\$86,343</u>	<u>\$2,982,107</u>	3%	<u>\$1,195,111</u>

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Long-Term Debt Amortization
For the Year Ended June 30, 2000**

	<u>PRINCIPAL</u>	<u>INTEREST</u>
Fiscal Year Ending:		
2001	\$308,000	\$58,275
2002	265,000	48,480
2003	265,000	39,330
2004	285,000	30,293
2005	285,000	21,555
2006	290,000	12,930
2007	125,000	6,705
2008	125,000	2,955
2009	36,000	540
	<u>36,000</u>	<u>540</u>
Total	<u>\$1,984,000</u>	<u>\$221,063</u>

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Notes Payable Amortization
For the Year Ended June 30, 2000**

	<u>PRINCIPAL</u>	<u>INTEREST</u>
Fiscal Year Ending:		
2001	\$88,953	\$88,801
2002	91,642	86,112
2003	94,411	83,343
2004	97,265	80,489
2005	100,205	77,549
2006	103,234	74,520
2007	106,354	71,400
2008	109,568	68,186
2009	112,880	64,874
2010	116,292	61,462
2011	119,807	57,947
2012	123,428	54,326
2013	127,159	50,595
2014	131,002	46,752
2015	134,961	42,793
2016	139,040	38,713
2017	143,243	34,511
2018	147,573	30,181
2019	152,033	25,721
2020	156,628	21,126
Thereafter	<u>586,429</u>	<u>35,710</u>
Total	<u><u>\$2,982,107</u></u>	<u><u>\$1,195,111</u></u>

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**GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of State and Local Funding
For the Year Ended June 30, 2000**

<u>GRANT NUMBER</u>	<u>AGENCY</u>	<u>PROJECT NAME</u>	<u>EXPENDITURES</u>
31121	Shreveport Regional Arts Council	Decentralized Arts Funding	\$4,800
31122	NAFEO	NAFEO - Buckle Up	470
33068	National Council for Accreditation of Teachers	NCATE Teachers	2,887
33096	Women's Sport Foundation	WSF Leadership	2,956
	Total		<u>11,113</u>
33055	State of LA/Board of Regents	Using High Energy Ion Beams	32,095
31115	State of LA - Dept. of Justice	COPS-2000 Univ. Spring Break	914
33082	State of LA/Governor's Office	Rural Development Grant	1,885
33060	State of LA/Board of Regents	Enhancing the Electronic Library	45,957
31113	State of LA - Dept. of Labor	Career Center of Union Parish	7,483
30245	State of LA/Board of Regents	Technology Challenge Grant	15,736
30247	State of LA/Board of Regents	Course Design Collaboration	39,852
33020	State of LA - OCS	Child Welfare	86,085
33062	State of LA/Board of Regents	Graduate Fellows	6,250
33275	State of LA - Dept. of Education	America Teach	29,491
33000	State of LA/Board of Regents	LAMP	158,922
33001	State of LA/Board of Regents	DOE/EPSCOR	4,800
35001	State of LA - Dept. of Labor - CDC	Welfare-To-Work	294,344
33022	State of LA - Southern Univ.	LaSpace	2,500
33061	State of LA/Board of Regents	TECH/GSU JFAB	15,082
33065	Vocational Education	Sex Equity	559
33070	Vocational Education	Single Parents	3,686
30600	LA Natural Resources	Park and Ride	116,858
33021	State of LA - LA Tech	Center in Miniaturization	19,680
33010	State of LA/Board of Regents	Graduate Recruitment Program	1,167
31118	Southern University	J.K. Praxis TAP Center	18,399
33030	State of LA - LA Tech	Reading Renewal	4,419
31105	State of LA/Diplomatic Security	Anti-Terrorism	35,268
33045	LA Department of Education	NYSP-Summer-USDA	74,390
33040	LA Department of Education	Upward Bound-Summer-USDA	28,133
	Total		<u>1,043,954</u>
		Grand Total	<u>\$1,055,067</u>

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**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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STATE OF LOUISIANA
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December 11, 2000

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Grambling, Louisiana

We were authorized to audit the general purpose financial statements of Grambling State University, a component unit of the State of Louisiana, as of June 30, 2000, as listed in the foregoing table of contents, and have issued our report thereon dated December 11, 2000. Our audit was to have been conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, because of inadequacies in the university's accounting records, we were not able to apply the foregoing standards.

Compliance

As part of attempting to obtain reasonable assurance about whether Grambling State University's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings in Exhibit B.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grambling State University's internal control over financial reporting to determine our auditing procedures for the purpose of attempting to express an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, because of inadequacies in the university's accounting controls and records, we were unable to form an opinion on the university's financial statements and related notes. In addition to the matters relating to noncompliance with certain provisions of laws, regulations, contracts and grants, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Grambling State University's ability to record, process, summarize, and report financial data consistent with the assertions of

EXHIBIT A

LEGISLATIVE AUDITOR

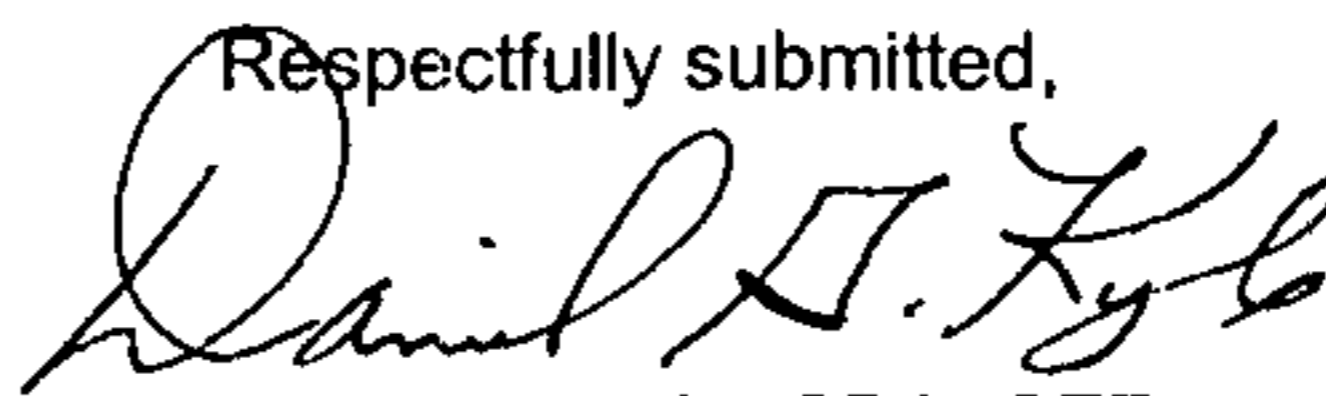
GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Compliance and Internal Control Report
December 11, 2000
Page 2

management in the financial statements. Reportable conditions are described in the accompanying schedule of findings in Exhibit B.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions included in Exhibit B, we consider the following reportable conditions to be material weaknesses:

1. Lack of and Inaccurate Accounting for Balance Sheet Accounts
2. Untimely and Insufficiently Supported Bank Reconciliations
3. Lack of Documentation to Support Restricted Fund Grants Receivables and Deferred Revenues
4. Transaction Deficiencies
5. Incomplete Financial Statements: Omission of Public Funds Receipts and On-Behalf Payments

This report is intended solely for the information and use of Grambling State University and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CAC:MAN:DSP:dl

GSU

EXHIBIT A



DANIEL G. KYLE, PH.D., CPA, CFE
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December 11, 2000

Findings on Compliance and on
Internal Control Over Financial Reporting

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Grambling, Louisiana

**Compliance With Laws, Regulations,
Contracts, and Grants**

**Incomplete Financial Statements: Omission of
Public Funds Receipts and On-Behalf Payments**

Grambling State University did not disclose in the financial statements all receipts of public funds or payments made for or on-behalf of the university by another entity as required by generally accepted accounting principles. Article 7, Section 14(A) of the Louisiana Constitution of 1974 states, in part, that "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association or corporation, public or private." Accordingly, university policy requires that all funds received for the benefit of the university be deposited and reported in the university accounting system so that public assets will be safeguarded and financial statements will be fairly presented in accordance with generally accepted accounting principles. Payments made for or on-behalf of the university by another entity are required to be reported and disclosed in the university financial statements as provided by Government Accounting Standards Board (GASB) Statement No. 24.

The Grambling State University Band Department maintains an "account" with the Grambling University Athletic Foundation (Foundation). According to records maintained by the band director, during fiscal year ended June 30, 2000, the Band Department received 64 separate payments from various donors totaling \$117,616 and deposited those payments into the Grambling University Athletic Foundation. Eight of those checks totaling \$11,488 were altered to add reference to the Grambling State University Band such as "Band," "Marching Band," "Band Dept," "GSU Band Dept.," "Rodeo," and "Band Rodeo."

Dr. Favors, Grambling State University President, requested and received from the Foundation's independent public accountant a report dated September 28, 2000. This report was to identify deposits to the Foundation of checks made payable to the university and to identify checks that appeared to have been altered (i.e., name of payee changed). The independent accountant's report could not be reconciled to the records

EXHIBIT B

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

December 11, 2000

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maintained by the band director. The band director's records identified amounts in excess of those reported by the independent accountant; band records had \$55,196 more in deposits and \$2,770 more in altered checks.

Dr. Favors also asked that the independent accountant report amounts that the Foundation paid to university employees during fiscal year ended June 30, 2000. The report identified payments totaling \$43,178.

Dr. Favors issued a universitywide memorandum on February 4, 2000, which stated that all gifts and donations are to be reported to the Office of Development immediately after they are received. However, the band director continued to deposit receipts into the Foundation. In addition, management did not require employees to report on-behalf payments received from the Foundation. Failure to properly deposit and account for public funds and to account for on-behalf payments can cause the university to issue financial statements that are not fairly presented in accordance with generally accepted accounting principles.

Grambling State University should prohibit the deposit of public funds in any private entity, including the Grambling University Athletic Foundation. Furthermore, the university should obtain a listing of all payments to university employees and determine if such payments should be reported in the university accounting records and financial statements as provided by GASB 24. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Political Activity and Failure to Properly Report Related Revenue

The Grambling State University Marching Band performed at a political parade and the \$2000 honorarium that was received for the band's performance was deposited with a private organization. The appearance of the band as part of a political campaign may have violated the state's Constitution. Article 11, Section 4 of the Louisiana Constitution of 1974 states, "No public funds shall be used to urge any elector to vote for or against any candidate or proposition, or be appropriated to a candidate or political organization." In addition, Article 7, Section 14(A) states, in part, that "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association or corporation, public or private." Furthermore, the honorarium was not deposited in the university's bank accounts nor recorded in the accounting records or financial statements.

The university's Marching Band performed in Monroe, Louisiana, on March 4, 2000, in a parade relating to the campaign of a mayoral candidate. The band director signed a Performance Agreement and Contract with a supporter of the candidate. The contract stated that the band's travel and meals would be paid and that an honorarium of \$2,000

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GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

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would be paid to the university's Marching Band. When this check was received, the band director deposited the check with the Grambling University Athletic Foundation.

The state's Constitution prohibits the loan of public property or things of value (such as political support) to a public association and, specifically, prohibits the use of public funds for political activity. The participation of a public university's band at a political function gives the appearance that the state of Louisiana or the university supports one candidate over another. Participation may have also caused the university to violate the provisions of the Constitution regarding use of public funds. Furthermore, the university's failure to deposit the honorarium in the university's bank accounts and record the revenue in the financial statements affects management's ability to provide assurance that the financial statements fairly present the financial activities of the university.

Grambling State University should seek guidance from the Board of Ethics and the University of Louisiana System Board of Supervisors as to whether the university should participate in political activities such as political parades. Management should also establish policies and procedures concerning the receipt and deposit of public funds to ensure that the revenues have been properly reported in the university's financial statements. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 17).

Weaknesses in Controls Over Movable Property

For the second consecutive year, Grambling State University did not comply with its internal control policies and procedures over movable property. Louisiana Property Assistance Agency (LPAA) movable property regulations require the university to track the location of movable property items, to include transferring property between locations, and to gain approval from LPAA to remove obsolete items from inventory when they cease to be useful. In addition, good internal controls require that the university have adequate control procedures to (1) monitor and frequently update the location of property, and (2) safeguard movable property against loss.

A test of movable property items disclosed the following:

- A review of university police reports indicated thefts of 43 pieces of property. Many of these police reports revealed "no forced entry," indicating lax security by staff or possible inside involvement. Police reports indicated a total value of \$4,035 for 8 items but did not indicate a value for the remaining 35 items. However, the state property tag number was included on the police reports for 16 items. Using the university property report for May 23, 2000, the value of these 16 items was determined to be \$29,865. Because the police reports did not routinely

EXHIBIT B

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GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

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include movable property tag numbers of the stolen equipment, it is not determinable whether the remaining 19 stolen items (no property tag listed) are listed on the discrepancy reports that are included with the annual certifications that are submitted to LPAA.

- A test of 47 items disclosed the following deficiencies:
 - Three items (6%) valued at \$4,261 were included in the movable property records but could not be located. Two of these items were not found because one item valued at \$1,207 was reported stolen in December 1999; the other item valued at \$2,659 was returned to the vendor. Neither item had been removed from the inventory listing.
 - Five items (11%) valued at \$4,999 were included in the movable property records but were not properly tagged.
 - Five items (11%) valued at \$5,020 were included in the movable property records in one location but were found in another department.
 - Two items (4%) valued at \$1,102 were obsolete but had not been removed from inventory.

The current method used to track movable property at the university is inadequate. Movable property is tracked by each department or entire building. This method could require searching an entire building to locate one piece of property. The method also inhibits the university from identifying missing property in a timely manner.

Grambling State University should implement policies and procedures that will provide for timely tracking of property movement, provide additional training of departmental staff (custodians) assigned responsibility for property located in their specific building, and provide adequate security of the property. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 20).

Athletic Scholarship Violations

For the second consecutive year, Grambling State University did not have adequate controls in place to ensure that nonfederal athletic scholarships were awarded to eligible students in accordance with applicable criteria. An adequate internal control system would provide formal written policies and procedures to ensure that only eligible students meeting university or privately funded criteria receive financial assistance. The NCAA

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GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

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Bylaws and the 1998-99 *NCAA Guide to Financial Aid* require that a signed Financial Aid Agreement be maintained for each recipient of an athletic award.

A review of 16 athletic scholarship awards totaling \$30,118, selected from four athletic scholarship programs and made to nine students, disclosed that the university issued seven scholarship awards (totaling \$8,299) to four students without benefit of an award letter signed by the student. The two scholarship programs were women's bowling and men's basketball.

Management's lack of emphasis in enforcing and maintaining an adequate internal control system for scholarships has resulted in violations of applicable rules and regulations.

Management should review the controls over athletic scholarships awarded by the university to ensure that the university complies with all applicable rules and regulations. These policies and procedures should be strictly adhered to and consistently applied. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 22).

National Collegiate Athletic Association Audit Legislation Violation

Grambling State University did not obtain an audit of its Athletic Department revenue and expenditures for the fiscal year ended June 30, 1999. The National Collegiate Athletic Association (NCAA) Constitution sections 6.2.3.1 and 6.2.3.1.1 provide that all expenditures and revenues for or in behalf of a Division I member institution's intercollegiate athletics programs, including those by any outside organization, agency or group of individuals (two or more), shall be subject to an annual financial audit. In addition, the audit report shall be completed and presented to the chief executive officer before the end of the institution's next fiscal year ended.

An independent accounting firm was engaged to perform the university's NCAA audit but withdrew from the engagement in a letter dated July 7, 2000. The letter stated that the withdrawal was necessary because of the problems the university was encountering in providing the Athletic Department's financial information for the year ended June 30, 1999. As a result, the university was unable to comply with the NCAA Constitution.

The annual audit is necessary so that the chief executive officer or university president will have reliable information on athletic revenues and expenditures (both internal and external) so that he/she may exercise adequate control over expenditures made for or in behalf of the intercollegiate athletics activities. Failure to obtain the audit as required by NCAA requirements limits the university president's effectiveness in controlling and monitoring athletic-related expenditures.

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

December 11, 2000

Page 6

Grambling State University should ensure that the financial statements for the Athletic Department are available for audit for the two fiscal years ended June 30, 2000, as required by the NCAA Constitution. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 23).

Performance Indicator Reporting Deficiencies

Grambling State University has not established adequate internal controls over its performance indicator progress reports to ensure the reliability of the performance data. Furthermore, the university failed to include adequate explanations for variances that exceeded the standard by 5%. Louisiana Revised Statute 39:87.3 requires that performance progress reports provide information on the agency's actual progress toward achievement of performance standards. The statute further states that the quarterly performance progress reports shall contain "a comparison of the actual performance with the annual performance standard . . . including a brief explanation of any variance from the standard which exceeds five percent."

A review of all quarterly performance progress reports for the year ended June 30, 2000, disclosed the following:

- For nine of 19 performance indicators (47%) that the university was required to report on, data was unavailable to support the reported results or the reported results were compiled incorrectly.
- Not all 19 performance indicators were included in each quarterly report. Therefore, instead of there being 76 (19 indicators x 4 quarters) comparisons of standard to actual performance for the year, there were only 62. Of those 62, there were 29 for which the variance exceeded 5%. For 10 of those 29 indicators (34%), the performance progress report explanation for such variance was insufficient or nonexistent.

These conditions occurred because the university did not place sufficient emphasis on the reporting of its performance data in the performance progress reports for fiscal year 2000.

Grambling State University should establish an adequate compilation and review function to ensure that performance progress reports are accurate and reliable and comply with state laws and regulations. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 30).

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Findings on Compliance and on Internal Control
December 11, 2000
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Internal Control Over Financial Reporting

Lack of and Inaccurate Accounting for Balance Sheet Accounts

Grambling State University has not adequately accounted for amounts presented on its balance sheet. Good accounting practices require that amounts recorded as accounts receivable and other balance sheet accounts be monitored and reconciled to subsidiary ledgers or listings. Deficiencies have been found in the accounting and year-end reporting of accounts receivable, deferred charges, accounts payable, compensated absences, deposits held for others, other liabilities, and fund balance as described below.

Accounts Receivable

1. Auxiliary Fund accounts receivable are significantly overstated. However, because of accounting errors, weaknesses within the system, and lack of supporting documentation, adjustments to correct the accounts receivable balances cannot be accurately calculated.
 - a) Accounts receivable balances for some Auxiliary Fund activities have not been monitored or reconciled to subsidiary ledgers to ensure that the balances at year-end represent only valid receivable amounts. The accounts receivable balance reported for the Auxiliary Fund is comprised of various subsidiary balances generated from activities such as food service, the bookstore, and athletics. Accounting personnel have not been communicating with management personnel for each of these activities to verify the accuracy of their accounts receivable balances.
 - b) Auxiliary Fund accounts receivable for food service and athletics that existed at the start of the year were carried forward with little or no reductions that would indicate subsequent receipt of the receivable items. The identification of amounts received during the year that should have reduced these receivables is not known because of errors such as classifying receipts to the wrong account.
 - c) Certain Auxiliary Fund accounts receivable balances have questionable collectibility and the university has not reduced the receivable balances with an offset account such as an allowance for doubtful accounts. For example, accounts receivable include \$344,130 due from a foundation that has been in bankruptcy proceedings since July 1999 and \$194,104 due from writers of nonsufficient fund checks to the university. The collectibility of both of these balances is questionable.

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

December 11, 2000

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2. Accounts receivable totaling \$85,740 in the Student Loan Fund are not supported; the loan servicing company that services these loans has filed bankruptcy; and the collectibility of this amount is questionable.
3. The Unexpended Plant Fund includes accounts receivable of \$25,349, but there has been no reported activity within this account for the past two years. Evidence exists that payments of approximately \$9,500 were received for this receivable within the past two years, but those collections were not credited to this account.

Fund Balances

The university did not accurately report fund balances or changes in fund balance for the fiscal year ended June 30, 2000. Fund balance is the cumulative result of an entity's financial activity. It is the result of an entity's assets minus liabilities and is affected each year by revenues, expenditures, and transfers. The General Fund reported a fund balance of \$69,926 at June 30, 1999, with no change in fund balance for fiscal year ended June 30, 2000. One indication that the fund balance is not reasonable for fiscal years ended June 30, 1999 or 2000 is the fact that the compensated absences payable of \$1,865,175, which is normally offset by a negative fund balance, has no such negative offsetting fund balance amount. Management was unable to make adjustments that were supported by records of actual transactions. This indicates that the university does not know what its actual fund balance is and lacks the ability to report true changes in fund balance for the year.

Deferred Charges

Prepayments or amounts received before the revenue has been earned should be recorded as a liability called "deferred revenue." The university received \$31,402 as prepayments for football games played in the fiscal year ended June 30, 2000, and mistakenly credited these receipts to the deferred charges (an asset) account. When this error was discovered and the correction made, the deferred charges account was properly debited, but the university cannot determine to what account the offsetting credit entry was made. Therefore, the deferred revenue balance has been understated by \$31,402 and an unknown account has been overstated by the same amount.

Compensated Absences

The financial statements incorrectly included \$352,177 in compensated absences payable for compensatory leave for unclassified employees. Because this type of leave would not be payable by the university, it should not have been accrued as part of compensated absences payable.

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY
STATE OF LOUISIANA
Findings on Compliance and on Internal Control
December 11, 2000
Page 9

Other Liability Accounts

The university did not provide documentation to support the following balance sheet amounts:

1. Accounts payable within the Restricted Fund of \$26,283, which is 30% of the total balance reported
2. Deposits held for others within the Auxiliary Fund of \$153,346, which is the entire balance reported
3. Other liabilities within the Auxiliary Fund of \$51,744, which is 47% of the total balance reported

Management has not placed sufficient emphasis on ensuring that accounting staff is knowledgeable, adequately trained, and held accountable for the quality of their work product. Consequently, management cannot provide assurance that financial statement amounts are fairly presented when accounts lack proper support documentation, when accounts receivable balances are not properly adjusted when collection is made, when *accounts are not reconciled to subsidiary ledgers, and when account balances are not monitored for reasonableness.*

Management should address the issues of employee knowledge, competence, and training. In addition, management should ensure that all account balances have been *reconciled to supporting documentation or subsidiary records and that supervisors adequately review all transactions before processing.* Review procedures should include a determination as to whether transactions being coded directly to revenues or expenditures are actually collections of accounts receivable or liquidations of accounts payable. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 34).

Untimely and Insufficiently Supported Bank Reconciliations

For the second consecutive audit, Grambling State University failed to reconcile its bank accounts timely and bank reconciliations did not have sufficient supporting documentation. Good internal controls require reconciliation of all bank balances to book balances on a monthly basis. Bank reconciliations provide management with a *basis to ensure that all transactions that affect both the bank account and the accounting records are in agreement and that no errors or fraud have occurred and not been corrected and/or detected.* Because of the late issuance of the prior year financial statements, management did not begin reconciling the seven active bank accounts for the fiscal year ended June 30, 2000, until March 2000.

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

December 11, 2000

Page 10

The bank reconciliations for July 1999 through June 2000 each contained reconciling items that could not be explained and/or did not have supporting documentation to fully explain the nature of the adjustments. These adjustments were required to reconcile bank balances to book balances; book balances were adjusted for the unreconciled amounts through a journal voucher. The total unexplained reconciling items in each month ranged from \$300.10 (debit) to \$4,151.36 (credit), resulting in a net unexplained difference for the fiscal year of \$8,340.25 (credit). The fact that adjustments for unidentified bank or book transactions were needed every month to reconcile bank to book balances indicates an ongoing risk that the accounting records are not complete or do not accurately represent all financial transactions.

A review of outstanding checks at June 30, 2000, disclosed the follow discrepancies:

- The lists of outstanding checks included 22 checks totaling \$7,227 that had already cleared the bank.
- The lists of outstanding checks included 10 checks that did not match the amount of the actual checks. The difference between the actual checks and the amounts according to the lists of outstanding checks was \$2,117.
- The lists of outstanding checks included one check for \$1,778 that had been cancelled.
- The lists of outstanding checks omitted two checks totaling \$2,710 that should have been outstanding; the checks cleared the bank in July 2000.

Bank reconciliations were not prepared correctly or timely because the university was not able to use available computer system software because Information Resource Center personnel loaded the bank computer tapes incorrectly, causing the loss of the system software for completing the monthly bank reconciliations. Consequently, bank reconciliations were prepared manually, increasing the risk that the reconciliations would contain erroneous information because of human error. Failure to reconcile the various bank accounts on a timely basis leaves the university without the information needed to properly manage the funds of the university and increases the risk that errors and/or fraud will not be detected timely.

Grambling State University should reconcile its bank accounts monthly, ensuring that sufficient supporting documentation is present for all items contained on the reconciliation and train employees in Accounting and Information Services to properly use the automated accounting system for the reconciliation process. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 36).

LEGISLATIVE AUDITOR

GRAMBLING STATE UNIVERSITY STATE OF LOUISIANA

Findings on Compliance and on Internal Control

December 11, 2000

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Lack of Documentation to Support Restricted Fund Grants Receivables and Deferred Revenues

Grambling State University did not provide adequate documentation to verify the grants receivable and deferred revenue balances for its Restricted Fund grants. Adequate accounting for grants requires the use of a system that identifies and records all disbursements and receipts for grants and accurately adjusts the grants receivable and deferred revenue balances for the individual grantors.

The following are concerns that were identified during the audit of the Restricted Fund grants accounts at both June 30, 1999, and June 30, 2000. The university was unable to provide adequate support for the Restricted Fund fund balance during the prior year audit, so a *Schedule of Restricted Fund Grants Balances* was prepared for June 30, 1999, in an attempt to provide supporting documentation for the beginning fund balance for fiscal year ended June 30, 2000.

1. Schedule of Restricted Fund Grants Balances at June 30, 1999
 - A. *The initial spreadsheet of grants activity that was provided to auditors reported \$5,014,312 of grants receivable for the Restricted Fund at June 30, 1999.*
 - B. *When asked for documentation for four individual account balances totaling \$1,090,450, the manager for Grants, Contracts, and Special Projects reduced the receivables for the four grants from \$1,090,450 to \$442,484, a reduction of \$647,966.*
 - C. *The manager for Grants, Contracts, and Special Projects later provided an adjusted schedule. This schedule reported grants receivable of \$1,039,351 at June 30, 1999, a reduction of \$3,974,961 from the initial amount provided.*
2. Schedule of Restricted Fund Grants Balances at June 30, 2000
 - A. *The adjusted schedule (see 1.C. above) for June 30, 1999, effectively reduced the amount that was originally reported in the university's June 30, 2000, financial statements from \$3,663,171 to \$747,012, a reduction of \$2,916,159.*
 - B. *The \$747,012 recorded as grants receivable (a debit balance) contains questionable credit balances totaling \$2,566,622. Credit balances would normally signify grant funds received in advance of grant expenditures and the appropriate financial statement*

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presentation would be as deferred revenues. However, only three grants totaling \$181,428 were reported to have received grant funds in advance of expenditures. Such large credit balances/deferred revenues do not appear reasonable when most grants are reimbursement-type grants, as they are at the university.

- C. The university reported a deferred revenue balance of \$130,119 on the balance sheet. Of this amount, \$109,913 did not have adequate supporting documentation.

The university does not have a reliable self-balancing, double entry accounting system for Restricted Fund grants. Such a system would be maintained by grant and would associate grant expenditures with related accounts receivable and would record cash received from the grantors as either deferred revenue or collections of accounts receivable. Instead, the manager for Grants, Contracts, and Special Projects has compiled amounts expended and received for grants from stand-alone documents. For this reason, the university cannot provide assurances that amounts reported as receivable from grantors and deferred revenues are accurate and that its financial statement balances are reasonable.

Grambling State University should use a self-balancing, double entry accounting system to account for grant activity and balances. Such a system should identify and record, by individual grant, all disbursements and receipts and accurately adjust the accounts receivable and deferred revenue balances for the individual grants or grantors. Furthermore, supporting documentation should be maintained, such as schedules of grants expenditures to support requests for reimbursement from individual grantors. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 37).

Transaction Deficiencies

For the second consecutive year, Grambling State University has significant weaknesses in its controls relating to cash disbursement, cash receipt, and journal voucher transactions, resulting in increased risk that financial statements will contain significant errors and in increased risk of misappropriation of funds. Sound internal controls require (1) support documentation for all detailed transactions, (2) transaction review and approval by an appropriate supervisor, (3) timely processing in accordance with written policies and procedures, and (4) competent employees.

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Cash Disbursements (Checks)

A review of cancelled checks performed during the tests of bank reconciliations for three months disclosed the following:

- a) Eighteen checks were written and cleared the bank with no signature stamp. The dollar amount of these checks was \$234,780.28.
- b) Twelve checks were included on the list of cancelled (voided) checks; however, these checks could not be located in the files. The dollar amount of this error was \$3,685.52.

Cash Receipts (Pay-In Vouchers or PIVs)

A sample of 74 PIVs totaling \$5,460,435 were examined from August 1999, October 1999, January 2000, and April 2000. The following exceptions were noted:

1. Ten PIVs totaling \$57,241 had transmittal forms that were approved by the same person that prepared the form.
2. Eleven transmittal forms totaling \$176,481 were not totaled correctly.
3. Seven PIVs totaling \$213,262 had amounts different than the amounts posted in the cash receipts (POISE) system.
4. Thirty-nine PIVs totaling \$824,859 did not have an accurate reconciliation between the cash receipt report, transmittal forms, and the PIV.
5. Twenty-nine PIVs totaling \$434,645 did not have complete supporting documentation to include cash receipt reports, vouchers, fee assessment forms, charge card receipts, and copies of checks.
6. Fifteen PIVs totaling \$2,137,036 were not deposited timely.
7. Six of nine ticket sellers' reports were not signed by the assistant athletic director or athletic coordinator.
8. Three of nine ticket sellers' reports did not include the ticket seller's name.

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In addition, a theft of \$1,000 was identified in cash receipts transactions posted on August 24, 1999. An examination of the nine PIVs totaling \$145,791 recorded on that day disclosed that four had differences in the cash receipts report, transmittal forms, and the PIV; one did not have a transmittal form; and nine did not have copies of the supporting documentation included.

Journal Vouchers (JVs)

A sample of 50 JVs were selected and examined for specific attributes. Because of the nature of JVs and their impact on all areas of accounting (revenues, expenditures, assets, etc.) and the ability to impact in a positive or negative way, total dollars would not provide useful information. Exceptions noted for the 50 JVs examined are as follows:

1. Nine did not indicate the dates that they were prepared.
2. Two were not signed or initialed by the approver.
3. Eleven did not indicate the dates that they were approved.
4. Four did not have adequate supporting documentation attached.
5. Eleven of 41 applicable JVs were not prepared within a reasonable period of time after the transactions took place.
6. Documentation supporting that the JV had been entered into the accounting system (stamped with an "Entered" stamp and initialed/dated by the employee processing the transaction) could not be determined for the following:
 - a) Eleven were not stamped with the "Entered" stamp.
 - b) Twenty did not have the employee's initials or signature on the "Entered" stamp.
 - c) Fifty did not have the date indicated on the "Entered" stamp.

The loss of control over the processing of financial transactions and an increased risk of fraud, abuse, and/or illegal acts was caused by a lack of review by the employees preparing and supervising the work, along with weak filing procedures, and a lack of emphasis on timeliness and quality of work. Consequently, management can provide no assurances that the financial statements contain accurate or complete information.

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Grambling State University should review its existing policies and procedures for handling university transactions. Revisions, if necessary, should be developed and implemented, and all employees should be notified of and held accountable for following those policies and procedures. In addition, management should ensure that all employees are competent, adequately trained to perform the duties assigned to them, and are given a standard of quality to meet in the performance of their duties. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 39).

Untimely Collection of Contract Revenues

Grambling State University did not receive timely payments from two contractors that had contracts to operate the bookstore and food services on campus. Good internal controls and sound business practices require that the university and contractors abide by the terms and conditions of the contracts. Furthermore, the contractors' untimely reimbursement of university expenditures means that state funds are being used for an excessive time to finance expenditures that are required to be funded by the contractor. Thus, untimely reimbursement could represent a violation of Article 7, Section 14(A) of the Louisiana Constitution of 1974, which states, in part, that "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association or corporation, public or private."

The university entered into contracts with two outside vendors to operate the university's bookstore and the food service operations. The following summarize the delayed payments received from the two contractors during fiscal year ended June 30, 2000:

Follett College Stores (bookstore operation)

1. Lease payments totaling \$105,000, including \$35,000 from the prior fiscal year, were received anywhere from 10 to 65 days late.
2. Salary reimbursements totaling \$68,456, including \$23,456 for the prior fiscal year, were received anywhere from 10 to 48 days late.
3. Utility reimbursements totaling \$49,559, including \$11,856 for the prior fiscal year, were reimbursed only twice during fiscal year 2000.
4. Although the contract between Follett and the university began January 19, 1999, Follett did not reimburse the university until October 12, 1999, for the existing inventory valued at \$576,357.

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ARAMARK Educational Services, Inc. (food service operations)

1. Lease payments totaling \$330,890 were received anywhere from two to eight months late.
2. Salary reimbursements (including fringe benefits) totaling \$958,250 were received anywhere from two to eight months late. At September 29, 2000, an unpaid balance of \$95,751 for salary reimbursements remained.
3. Utility reimbursements totaling \$49,960 were received only twice during fiscal year 2000.
4. Trash pick-up reimbursement totaling \$17,964 was received only once during fiscal year 2000.

During the fiscal year, the university did not aggressively seek timely payment from contractors for lease revenues nor did the university bill the contractors timely for reimbursement for salaries, utilities, and trash pick-up. Failure to bill timely for these reimbursements may have put the university in violation of the constitutional provision against loaning state funds to private organizations.

Management should ensure that contract payments with Follett and ARAMARK are made in full and are received timely. Lease payments should be received within the stated contract time period. Salaries, utilities, and trash pick-up should be billed and received within a reasonable period of time equal to the accounting period established within the contracts or paid within the same period prescribed for lease payments. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 41).

Game Contracts Not Required for All Sporting Events

Grambling State University does not require contracts for all its sporting events and one football contract did not have the appropriate signatures. Good business practices require that terms of financial arrangements for all sporting events be specified in writing to establish responsibility for all parties and to identify penalties for nonperformance. The university does not require contracts on nonrevenue sporting events, and only requires contracts for football games and men's and women's basketball games where a game guarantee is required. The university has 13 sports, of which 10 (77%) are non-revenue sports. The 10 nonrevenue sports comprise 22% (\$763,710/\$3,491,980) of Athletic Department expenditures.

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A test of all home football games, one home game for men's basketball, one home game for women's basketball, and one home game for men's baseball disclosed the following weaknesses.

- One contract for a football game did not have the appropriate signatures.
- There was no contract for the men's basketball game selected.
- There was no contract for the men's baseball game selected.

The interim athletic director informed us that game contracts are not required for non-revenue sporting events and contracts are required only for home football and men's and women's basketball games where a game guarantee is required. Failure to have valid written contracts creates an undetermined amount of potential nonperformance penalties for sporting events.

Grambling State University should enter into written contracts for all sporting events and ensure that all contracts have the appropriate signatures. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 60).

Payroll Deficiencies

For the second consecutive year, Grambling State University did not maintain adequate controls over its payroll functions. Sound internal controls require (1) supporting documentation for all detailed transactions, (2) transaction review and approval by an appropriate supervisor, (3) accurate calculation of leave by both university employees and the accounting software, (4) compliance with University of Louisiana System Board of Supervisors policy, and (5) validation (or reconciliation) of information entered into the accounting system to original documentation.

The sample of payroll transactions included 50 monthly employees, 10 biweekly employees, and 21 terminated employees. The attributes (regulations or controls) tested may not have applied to all employees included in the sample. Results of the tests disclosed the following weaknesses.

Calculation of Earned Leave

- One of 58 (1.7%) employees tested had leave that was calculated incorrectly based on the years of service with the state. The employee was shorted 8 hours of annual leave and 8 hours of sick leave as of June 30, 2000. The error is attributed to an accounting software problem and is not in compliance with

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University of Louisiana System Board of Supervisors policy relating to annual and sick leave accrual rates.

- One of 56 (1.8%) employees incorrectly earned 136 hours of annual leave. University of Louisiana System Board of Supervisors policy states that 9-month employees earn only sick leave, while 12-month employees earn both sick and annual leave. The error occurred when the employee switched from 12-month to 9-month employment.
- One of 20 terminated employees tested was overpaid \$675 upon termination. The employee was paid 47.6 hours in excess of the amount earned.
- Four of 10 (40%) terminated employees had an accumulated leave balance that was not correctly adjusted at termination. Three of the employees' leave were not adjusted to reflect the paid leave, and one employee's leave was calculated incorrectly.

Extra Service Contract Work

- The agency did not have adequate documentation to support extra service contract work. The policy states extra services shall be defined as duties and responsibilities performed by faculty and unclassified employees outside of an explicitly stated job description. The work day is generally defined as 8:00 a.m. to 5:00 p.m. The time sheet for employees that earn extra service does not reflect the hours worked. Employees record only an X or the number of hours worked in the space provided and do not post the actual hours for the regular work day or the extra service time (e.g., 5:00 p.m. to 6:30 p.m.). This procedure does not provide sufficient information to determine whether the employee worked outside his/her stated job description.

The university's gross payroll during fiscal year 1999-2000 totaled approximately \$31 million. Lack of adequate supervision, review, approval, and documentation of payroll transactions increases the risk of fraud, abuse, and/or illegal acts, does not provide for accurate or complete accounting information, and does not comply with University of Louisiana System Board of Supervisors policy.

Grambling State University should develop a system of review to ensure that all required documentation is obtained and maintained for all employees and that a system of review and reconciliation is established to ensure that employees and accounting software are performing the required accounting tasks. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 61).

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Ineffective Internal Audit Function

Grambling State University did not have an effective internal audit function during fiscal year ended June 30, 2000. An effective internal audit function would provide management with assurances that assets of the university are properly safeguarded, internal controls are established and operating in accordance with applicable laws and regulations, and policies and procedures are sufficient to prevent or detect errors and/or fraud in a timely manner.

Although the external audit of the university for the two years ended June 30, 1999, disclosed a number of internal control and compliance findings, the university did not have an effective internal audit function during the 1999-2000 fiscal year.

- The internal audit position was vacant for the period from July 1, 1999, to March 14, 2000, so no internal audits were performed during this period.
- A staff auditor was hired on March 14, 2000; however, the university has not provided adequate supervision for this employee because the Internal Audit Director position remains vacant. The staff auditor has little or no previous auditing experience.
- A review of the work performed by the staff auditor disclosed numerous deficiencies.

Considering the university's reported assets of \$177,958,636 and operating revenues of \$76,250,902, an effective internal audit function is needed to ensure that university assets are properly safeguarded, internal controls are established and operating in accordance with applicable laws and regulations, and policies and procedures are sufficient to prevent or detect errors and/or fraud in a timely manner.

Grambling State University should ensure that the Internal Audit Department is staffed with experienced persons, that sufficient supervision is provided, and that the internal audit function is used effectively. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 63).

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University concurs with the audit finding regarding Incomplete Financial Statements: Omission of Public Funds Receipts and On-Behalf Payments.

Response:

The Grambling State University (GSU) Tiger Marching Band receives very little funding through the operating budget. Given this, along with the need to maintain a successful band program, the Band staff accepted the challenge of raising its own funds to operate in a respectable, collegial manner.

Thus, through creative financial ventures and supportive corporate and individual boosters, the band has become nearly self-supporting. The monies raised by the Band are used to defray costs and expenses associated with Band operations, i.e., maintenance of instruments and uniforms, fees, transportation, food, lodging and a variety of related items.

In order to safeguard all contributions, the Grambling University Athletic Foundation was selected to serve as the depository. The availability, accessibility and expeditious service provided were the major reasons for its selection.

Notwithstanding the good intent of our supporters, some inadvertently misdescribed the payee on their checks. The following scenarios are illustrative and document that despite the checks having been made to Grambling State University, they were clearly intended for the Grambling State University Band in each of the five cases. (Attachment A).

Check #217535534 - Deposit Guaranty

This check was provided for purchase of suit, shoes and gloves for band participant Cassidy Smith. (Exhibit B, C)

Check #1056 - Union Planters Bank

As noted by the attached agreement, the Band participated in a Black History Parade in Hattiesburg, Mississippi. The agreement clearly states to whom the honorarium of \$5,000 should be made. Despite this note, this payment, representing the balance of the monies due, was inadvertently made payable to Grambling State University by the payer. (Exhibit D, E)

Check #001533738

Harrah's Casino was solicited to support the First Annual TIGER Band Open Rodeo. This support manifested itself in a contribution of \$5,000. Despite the clear statement to whom a check should be made payable to Grambling State University. (Exhibits E, F, G, H)

Check #558503 - Iberia Bank


To cover costs of a relative's participation in the GSU Band Camp, the remitter inadvertently made the check payable to Grambling State University. The registration form indicates that student's intent to participate in the camp, making the intent of the remitter understood. (Exhibits I, J)

Check #00020478 - Nations Bank

The official letter of agreement for the Band to participate in the Greyhound Terminal Concerts confirms that the agreement was between Historically Black Collegiate Coalition (HBCC) and the Grambling State University Marching Band. Nevertheless, the company inadvertently misdescribed the payee as Grambling State University. (Exhibits K, L)

To ensure that these situations do not recur, a memorandum was forwarded to the Director of Band notifying him of the need to move the account from the Grambling University Athletic Foundation to an account within the University. (Exhibit M)

Sincerely,


Steve A. Favors
President

Exhibits

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
 DEPOSITED CHECKS MADE PAYABLE TO GRAMBLING STATE UNIVERSITY
 THAT APPEAR TO BE ALTERED
 FOR THE YEAR ENDED JUNE 30, 2000

SCHEDULE 2

<u>Date</u>	<u>Check #</u>	<u>Payor</u>	<u>Payee</u>	<u>Amount</u>
Altered Checks:				
08/03/99	217536634	Cassidy Smith	See Attached Check Copy	118.00
04/05/00	1056	Pace Headstart Courtesy Club	See Attached Check Copy	2,500.00
10/25/99	001533738	Harrah's Operating Company, Inc.	See Attached Check Copy	5,000.00
06/09/00	558503	Mark Hobdy	See Attached Check Copy	100.00
11/02/99	00020478	Historically Black Collegiate Coalition	See Attached Check Copy	1,000.00

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
DEPOSITED CHECKS MADE PAYABLE TO GRAMBLING STATE UNIVERSITY
THAT APPEAR TO BE ALTERED
FOR THE YEAR ENDED JUNE 30, 2000

THE BACK OF THIS DOCUMENT HAS AN OPTICAL WATERMARK PRINTED IN A SPECIAL WHITE INK

OFFICIAL CHECK HOLD THE DOCUMENT AT A SMALL ANGLE TO SEE THIS SECURITY FEATURE

DEPOSIT GUARANTY
First American National Bank
Operating as Deposit Guaranty National Bank

217536534

DATE: 08-11-1999

AMOUNT: \$118.00

Pay to the Order of: GRAMBLING STATE UNIVERSITY

D.G.N.B. \$118dols 00cts

VOID OVER \$118.00

Authorized Signature: *Eldon Francis*

Issued By: Integrated Payment Systems Inc., Englewood, Colorado
KeyBank National Association, Denver, Colorado

⑈ 190440⑈ ⑆ 102003918⑆ 88000217536534⑈

VARIABLE TONE BACKGROUND AREA OF THIS DOCUMENT CHANGES COLOR GRADUALLY AND SMOOTHLY FROM DARKEST TONES AT BOTH TOP AND BOTTOM TO THE LIGHTEST TONE IN THE CENTER

Cassidy Smith

Page 2

UNIFORM ACCESSORIES

- One -1 pair shoes WHITE, navy type (SHOES TO BE PURCHASED IN THE BAND OFFICE-S 40 - men and ladies)
- One -1 pair shoes, BLACK, navy type (men)
- One -1 pair BLACK pumps, 1 pair BLACK flat shoes (ladies)
- BLACK hosiery (ladies)
- One -1 pair suspenders, WHITE, plain (men and ladies)
- Three-3 pair of socks, WHITE plain (men and ladies)
- Three-3 pair of gloves, WHITE, plain cotton (GLOVES SOLD HERE IN THE OFFICE, \$3 EACH - men & ladies)
- One-1 necktie, BLACK, plain (men and ladies)
- One-1 bowtie, BLACK, plain (men)
- One-1 only suit, BLACK, (SUITS PURCHASED IN THE BAND OFFICE - men)
- One-1 only suit, BLACK (3 pieces-jacket, skirt, pants - ladies - skirt length should be knee length)
- One-1 GOLD blazer, (BLAZER TO BE PURCHASED THROUGH THE BAND OFFICE)
- One-1 raincoat, BLACK, (men and ladies)
- Two-2 shirts, WHITE, short sleeve (men)
- One-1 shirt, WHITE, long sleeve (men)
- Three-3 T-shirts, WHITE, plain, cotton crew neck (men & ladies)
- One-1 WHITE, blouse, button up (ladies)



DIRECTOR OF BANDS

Grambling State University
Grambling, Louisiana 71245

P.O. Box 1188
(318) 274-6167
(318) 274-326

January 4, 2000

ANNIE POPE
Pace Headstart
100 W Front Street
Hattisburg, MS 39401

The Grambling State University Marching Band agrees to participate in the Black History Parade in Hattisburg, Mississippi on February 19, 2000. You are responsible for the following in order for the GSU Marching Band to participate.

- Four (4) 46 passenger coach buses
- Lodging
- Full course meal (t)
- Honorarium of \$5,000 (Cashier's Check made payable to GSU Marching Band)
- 24 ft Ryder Truck

If you agree, please return this agreement by fax with the proper signatures. The fax is 318-274-2681.

Dr. Larry Pannell
Director of Marching Band

Pace Headstart Representative

1-4-2000
DATE

1/18/00
DATE

http://www.unionplanters.com

PAGE HEADSTART 11-92

COURTESY CLUB

710 KATIE AVE PH 545-3110

HATTIESBURG, MS 39401-4377

Date 4-5-00

1056

85-390/853

243

Pay to the Order of *Franklin State Bank*

Five Hundred Dollars

500.00

UNION PLANTERS BANK

ATTEST: [Signature]

10559021085 100569603



DIRECTOR OF BANDS

Grambling State University
Grambling, Louisiana 71245

P. O. Box 1166
(318) 274-6157
(318) 274-6257

August 24, 1999

Harrah's Casino
401 Market St
Shreveport, LA 71101

To Whom It May Concern:

The First Annual "GRAMBLING STATE UNIVERSITY "TIGER" MARCHING BAND Open Rodeo" will be held in Shreveport, LA at Hirsch Coliseum on November 5-6, 1999, at 7:00 P.M..

We are soliciting supporters from various business, corporations, and organizations. Plans for this first time event are in full swing and you are invited to join the contributors and supporters for the "First Annual TIGER Band Open Rodeo".

This event is slated to be filled with fun for the children and excitement for the entire family. This attendance is expected to be enormous.

Media coverage will include area television and radio stations, along with newspaper coverage and other publicity. Our plans are to expose entertainment and history as it relates to one of the most exciting rodeo events ever held in this area.

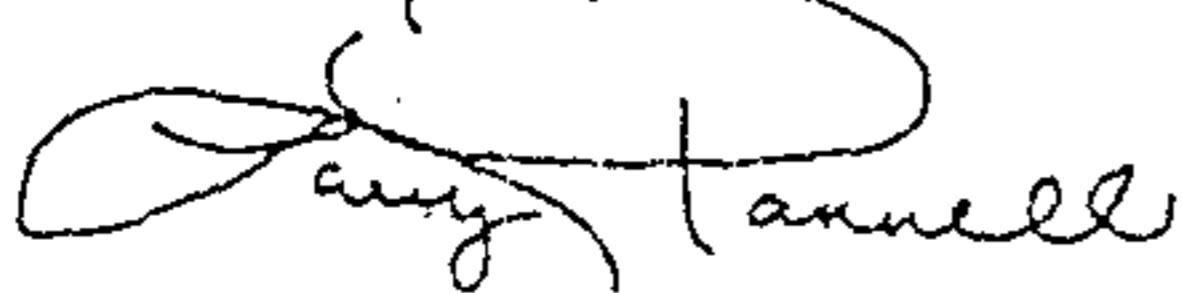
WE NEED YOUR SUPPORT. This second annual rodeo will benefit the World Renowned Grambling State University TIGER Marching Band. This musical aggregation continues to be recognized as an educational, cultural and entertainment icon. The proceeds will be used for scholarships, recruitment, and travel, which will enhance opportunities for young people across the country; to not only be apart of the Grambling State University Marching Band, but to experience it as well.

Attached you will find a brochure that includes a historical overview of performances of the Grambling State University TIGER Marching Band. Please make your checks payable to:

Grambling State University Marching Band
Open Rodeo
P. O. Box 1166
Grambling, Louisiana 71245

In the event you choose not to avail your logo, please note that we still accept ALL magnanimous contributions. We are counting on you for your support for this event. If there are any questions, please contact our office immediately at 318-274-6157 or 274-6257. If you need any additional information, please feel free to call Janice Cowan, Coordinator of Band Activities.

Thanking you in advance,



Larry Pannell, DMA
Director of Bands

LP:jc

"EMERALD PACKAGE"

\$5,000

FOR YOUR SPONSORSHIP

- BUCKING CHUTE
- WALL SPACE (3X6) BANNER WITH YOUR LOGO TO BE PROVIDED BY GSU MARCHING BAND
- YOUR COMPANY NAME TO BE DISPLAYED ON ALL RADIO ADVERTISEMENT
- ONE PAGE ADVERTISEMENT IN SOUVENIR PROGRAM
- LIVE ADVERTISEMENT DURING RODEO
- 15 COMPLIMENTARY TICKETS
- 1 COMPLIMENTARY HOTEL ROOM-2 NIGHTS
- 2 COMPLIMENTARY LUNCH BUFFETS
- 2 COMPLIMENTARY TICKETS TO RODEO RECEPTION
- 2 COMPANY FLOATS/CARS ENTERED IN PARADE

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
DEPOSITED CHECKS MADE PAYABLE TO GRAMBLING STATE UNIVERSITY
THAT APPEAR TO BE ALTERED
FOR THE YEAR ENDED JUNE 30, 2000

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

HARRAH'S OPERATING COMPANY, INC.
1023 Cherry Road
Memphis, Tennessee 38117-5423

64-1327/611

No. 001533738

MO DAY YEAR

CHECK AMOUNT

10 25 99 PAY 5,000 DOLLARS AND 00 CENTS *****5,000.00

TO THE ORDER OF

GRAMBLING STATE UNIVERSITY
PO BOX 1166
GRAMBLING LA 71245

HARRAH'S OPERATING COMPANY, INC.
BY:

Barnd RODEO
Charles L. Edward

Vice President, Treasurer

Executive Vice President, CFO

Wachovia Bank of Georgia, N.A.
Augusta, Georgia

⑈ 1533738⑈ ⑆061113279⑆ 07 528 140⑈

IBERIA BANK

As Independent Louisiana Bank

P. O. Box 12440
New Iberia, LA 70562-2440

CASHIER'S CHECK

84-7041
2652

558503

Date June 09, 2000

NOTICE TO CUSTOMERS
THE PURCHASE OF AN INDEMNITY BOND WILL BE REQUIRED BEFORE ANY
OFFICIAL CHECK OF THIS BANK WILL BE REPLACED OR REFUNDED IN THE
EVENT IT IS LOST, DESTROYED OR STOLEN.

REMITTER: MARY HOB DY

84-7041
2652

PAY



\$ \$100dols00cts
\$100.00

TO
THE ORDER
OF

GRAMBLING STATE UNIVERSITY *MARCHING BAND*

Karla Tait

AUTHORIZED SIGNATURE

⑈ 558503 ⑈ ⑈ 265270413⑈ 0116811802⑈

REGISTRATION FORM

Name Quinton J. Hobdy
 Address 900 Crosley St.
 City West Monroe State LA Zip 71291
 School West Monroe High Telephone (318) 651-7340
 School Address 201 RIGGS ST.
 City West Monroe State LA Zip 71291
 Instrument Trumpet Grade 11th
 Band Director Myron Turner

MEDICAL CONSENT FORM

I, the undersigned, hereby grant permission to the Director of Band Camp or his designee to obtain for my child Quinton Hobdy, general medical services, emergency treatment, and/or surgery as deemed necessary for the ongoing health and safety of said child by a physician and/or medical facility.

Signed Julia Spivey Date 5/10/00
 (This form is valid as long as this student is an active participant in Band Camp)



Letter of Agreement

This serves as the official letter of agreement between the Historically Black Collegiate Coalition (HBCC) and Grambling State University Marching Tigers.

Event / Promotion

Greyhound Terminal Concert - Saturday, September 25, 1999 - 9:00 AM
Greyhound Terminal Concert - Saturday, October 2, 1999 - 10:00 AM

Event Logistics - Greyhound Terminal Concert

- Entire band perform (1) one hour at Greyhound Bus Terminal - NY Port Authority, New York, NY. **Greyhound will provide Grambling State University Marching Band's entire transportation for this weekend. See Attached for Event Specifications.
- Entire band perform (1) one hour at Greyhound Bus Terminal - Dallas, Texas Greyhound Terminal. See Attached for Event Specifications.

Compensation to Institution

Greyhound Terminal Concert - Saturday, September 25, 1999	\$ 500.00
Greyhound Terminal Concert - Saturday, October 2, 1999	\$ 500.00
Total	\$1,000.00

This letter serves as a written confirmation of the Grambling State University Marching Tigers participation in the aforementioned Event / Promotion.

PLEASE SIGN BELOW

Kyle R. Shields 8/23/99
 _____ Date
 Kyle R. Shields
 McDonald's Heritage Bowl Campus Tour Manager

[Signature] 8/23/99
 _____ Date
 Grambling State University Representative

PLEASE FAX SIGNED AGREEMENT TO KYLE SHIELDS AT (404) 870-5952

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
DEPOSITED CHECKS MADE PAYABLE TO GRAMBLING STATE UNIVERSITY
THAT APPEAR TO BE ALTERED
FOR THE YEAR ENDED JUNE 30, 2000

HISTORICALLY BLACK COLLEGIATE COALITION

Check No. - 20478
Check Date - 11/02/99

NUMBER	DATE	DESCRIPTION	GROSS	DEDUCTIONS	AMOUNT PAID
99	102699	P.O. 21060-FY00-047	500.00		500.00
699A	102699	P.O. 21060-FY00-048	500.00		500.00
			1,000.00		1,000.00

DETACH STATEMENT BEFORE DEPOSIT

THIS CHECK IS VOID IF MICRO PRINT SIGNATURE LINES ARE UNREADABLE UNDER MAGNIFICATION (1)

BELTLINE, SUITE 220
DALLAS, TX 75244-2329



NATIONSBANK
NATIONSBANK OF TEXAS, N.A.
DALLAS, TEXAS
32-2/1110

792466

CHECK NO. 00020478

020478

DATE	AMOUNT
11/02/99	*****1,000.00

VOID IF NOT CASHED IN 60 DAYS

THOUSAND AND 00/100 *****

IN THE ORDER OF:

Grambling University *Marching BAND*
386 Rwejones Drive
Grambling LA 71245

HISTORICALLY BLACK
COLLEGIATE COALITION

Jerry L. Kelly

BY _____ AUTHORIZED SIGNATURE

⑈020478⑈ ⑆111000025⑆ ⑈1390011197⑈



GRAMBLING STATE UNIVERSITY

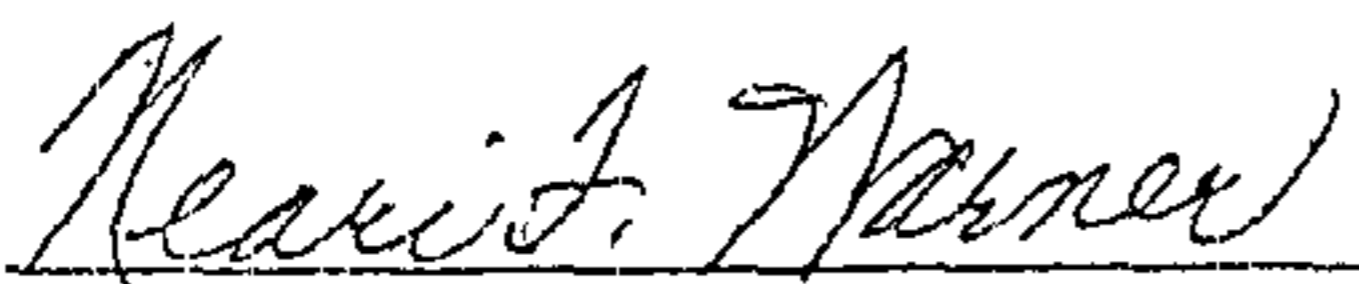
Office of the Provost and Vice President for Academic Affairs
Grambling, Louisiana 71245

P.O. DRAWER 1170
CAMPUS BOX 4288

PHONE: (318) 274-6141
FAX: (318) 274-3230

Memorandum

To: Dr. Larry Pannell
Director of Bands

From: 
Neari F. Warner, Ph.D.
Provost and Vice President for Academic Affairs

Re: Band Account

Date: November 3, 2000

This correspondence is written as notification that you are being requested to move the Band account which is currently maintained in the Athletic Foundation to an account within the University. You should consider using a restricted organizational account or the Tiger Fund account.

Your expediency in making this transfer will be appreciated. Thank you.

cc: Dr. Steve A. Favors



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In regards to the audit finding Political Activity and Failure to Properly Report Related Revenue, Grambling State University concurs.

Response:

The Grambling State University (GSU) Tiger Marching Band participated in a parade whose purpose was to demonstrate solidarity for the African-American candidates vying for political position in Monroe, Louisiana. The Band's participation was solely as an entertainment group, not as an endorsement unit. (Attachment A)

Since that time, the University has developed a policy (Attachment B) which delineates the conditions under which the Band participates in non-university activities. The policy became effective October 23, 2000, and will be strictly enforced with final approval being documented by a memorandum from the President.

Sincerely,

Steve A. Favors
President

Attachments

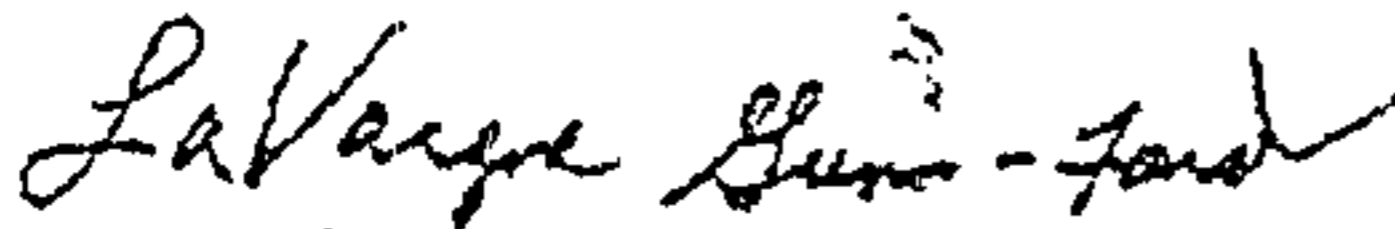
611 South Sixth Street
Monroe, LA. 71202
March 09, 2000

To Whom It May Concern:

This letter is to verify that the parade and rally held on Saturday, March 4, 2000 was a political parade for the Afro-American candidates running for city government offices in Monroe, Louisiana. It was not a parade for only Abe Pierce, III, who is campaigning for re-election for Mayor. Area schools, churches, political candidates and organizations participated in the parade. This was done not as an endorsement for any one candidate but to show unity in the Black community.

If additional information is needed, please feel free to contact me. (318) 388-2869

Respectfully,



Dr. LaVargne Gunn-Ford
Parade Chairman

GRAMBLING STATE UNIVERSITY

SUBJECT:

EFFECTIVE DATE:

PARTICIPATION OF GSU MARCHING BAND

October 23, 2000

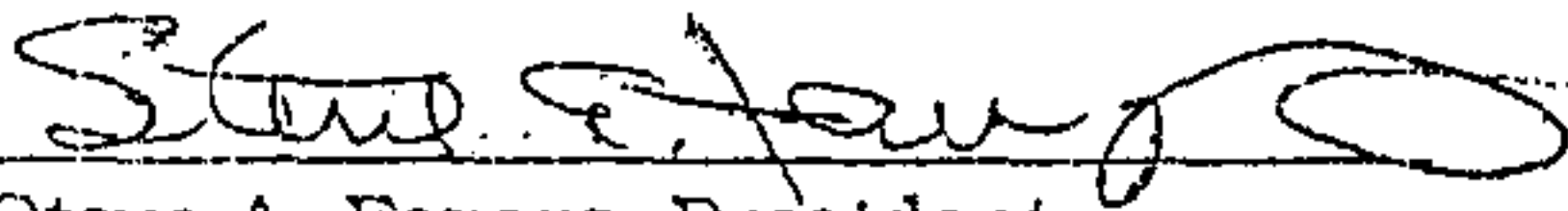
I. Purpose/Objective

To provide guidelines for participation of the Grambling State University (GSU) Marching Band in events outside of university and university-related activities.

II. Statement of Policy

- A. The GSU Marching Band is available to participate in any assembly, rally, meeting or gathering to provide musical entertainment regardless of race, gender, or religious or political affiliation.
- B. In the event of politically related situations, the Band performs as an entertainment unit on a politically neutral basis.
- C. Acceptance of participation by the Band is contingent upon all expenses associated with the event being paid by the sponsoring organization.
- D. The availability of the Band is determined by the Band Director and staff in conjunction with appropriate University officials.

Approved:


Steve A. Favors, President

10/23/2000
Date Approved

STEVE A. FAVORS

STEVE A. FAVORS



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

August 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 Riverside North
Baton Rouge, Louisiana

Dear Dr. Kyle:

In response to the finding on weaknesses in controls over movable property, we concur. To address the weaknesses, Grambling State University submits the following corrective actions and responses:

1. As of August 18, 2000, GSU purchased and installed a security surveillance system. The University Police Department will monitor the system. Additionally, bids for a Door Access Security System will be opened on September 28, 2000.
2. Training will be provided to the University Police to ensure that all police reports include all pertinent information. Pertinent information will include, but not be limited to, the value of items and movable property tag numbers of stolen equipment.
3. Louisiana Property Assistance Agency (LPAA) has been notified of equipment reported stolen via forced or non-forced entry. BF-11 Forms were submitted electronically. All items are coded to Suspense Location Code Number "2000" for the fiscal year in question. Equipment not located during the physical inventory count will be reported to LPAA on the Certification of Inventory Report in October, 2000.
4. Three items (6%) valued at \$4,261 were included in the movable property records could not be located. Two of these items were not found because one was reported stolen in December, 1999. The item valued at \$1,207 was reported to LPAA as stolen via BF-11 #T98920 on March 28, 2000. This item will remain on the inventory, in suspense location "2000", pending approval from the Office of Risk Management (see attachment).

**Letter to Dan Kyle
Responses to Movable Property
Page Two**

It was determined by the department head that the other item not found did not meet specifications and was returned to the vendor. The correct item was not shipped. The item was removed from the inventory via BF-11 #U07421 on June 6, 2000 (see attachment). GSU will inform the university community of policies on returning goods to the vendor and enforce the policy when infractions occur.

5. Five items valued at \$4,999 were properly tagged when they were acquired. However, due to frequent handling, the tags were lost. These items have been identified. University personnel have identified all equipment with lost tags. Property labels will be made and affixed to this equipment by October, 2000.
6. The five items valued at \$5,020 included in the movable property inventory in one place and located in another department have been properly coded to the correct location in the system. All Budget Heads were reminded of the movable property policy in a memorandum dated May 31, 2000. Property awareness workshops will be held annually henceforth to reinforce the movable property policy.
7. Two items valued at \$1,102 were obsolete and had not been removed from inventory. The items were picked up by Property Control on August 23, 2000. A BF-11 was electronically transmitted to LPAA for scrapping on August 24, 2000. A campus wide clean up of all obsolete and inoperable equipment began on June 5, 2000. All inoperable equipment will be disposed of by October 15, 2000.
8. On June 1, 2000, GSU updated its inventory system to include buildings and room number location where equipment is housed. The University developed a revised policy on Accountability of Movable Assets effective immediately. Additionally an inventory specialist has been designated by each budget head to conduct physical inventory counts and track equipment. This process will eliminate searching of an entire building to locate specific property.

These strategies will be reviewed quarterly, or as necessary, by the Director of Property Control and a report given to the Vice President for Finance and the Internal Audit department.

Sincerely,



Steve A. Favours
President

Attachments



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

August 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 Riverside North
Baton Rouge, Louisiana

Dear Dr. Kyle:

In response to the audit finding regarding athletic scholarship violations for fiscal year ending June 30, 2000, we submit the following:

Response:

We concur with the finding. The Coordinator for Scholarships will be responsible for making sure that all students who receive an athletic award have an award letter on file before the athletic award is posted in the computer system. We immediately implemented a procedure to prevent future errors in awarding athletic scholarships. The students were academically eligible to receive the award (\$8,299); however, NCAA requires that the student athlete sign an acknowledgement award form which delineates the rights of an athlete and the total amount to be awarded if the student enrolls.

The Scholarship Office now has procedures in place for the 2000-2001 fiscal year whereby a copy of the award letter is flagged in the system when received from the Athletic Department. That office will make no award for any student whose award letter has not been received.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Favors", with a long, sweeping flourish extending to the right.

Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University (GSU) does concur with the audit finding regarding the National Collegiate Athletic Association (NCAA) audit legislation violation.

Response:

We did not obtain an audit of our Athletic Department's revenue and expenditures for the fiscal years ended June 30, 1999 and June 30, 2000, as required by the NCAA. The audits were not done as a result of a data loss that occurred during a software conversion. This loss of data, made it impossible for the independent accounting firm that we had engaged to complete its work.

GSU has re-engaged the CPA Firm, Bruno and Tervalon, to perform the fiscal year 1999 and 2000 NCAA Audits (see Attachment). That firm will work with the Comptroller and the Director of Athletics, in obtaining all necessary records needed to complete the audits. We anticipate that the audits will be completed by June 30, 2001, at which time a copy of the report will be provided to the Legislative Auditor. We will also inform the NCAA that those audits have been completed.

Sincerely,

Steve A. Favors
President

Attachment

& Tervalon, LLP

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

November 2, 2000

Dr. Steve A. Favors, President
Grambling State University
Post Office Box 605
Grambling, Louisiana 71245

Dear Dr. Favors:

We are pleased to submit this proposal to perform certain agreed-upon procedures to the accrual basis accounting records of Grambling State University Intercollegiate Athletics Program for the years ended June 30, 2000 and June 30, 1999. Additionally, we will perform certain agreed-upon procedures to evaluate management's assertions that an effective internal control over financial reporting and compliance with state laws and regulations was maintained by management for the Intercollegiate Athletics Program (the Athletics Program) and that Grambling State University's Athletic Program complied with state laws and regulations for the period July 1, 1998 through June 30, 2000. This agreed-upon procedures engagement will be performed solely to assist Grambling State University (the University) in complying with NCAA By-Law 6.2.3.1.

Our engagement to apply agreed-upon procedures will be performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures for the review of the Athletic Department's activities will include the following:

Accounting Records

- We will agree the Schedule of Revenues and Expenditures for the years ended June 30, 2000 and June 30, 1999 to the general ledger.
- We will verify amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts, etc.), and recalculate number of tickets sold by the ticket price and compare the amounts to final box office statement.
- We will review the University's contract with other Universities supporting the amount reported as game guarantees. We will vouch supporting cash receipts accordingly.
- We will recompute student athletic activity fees based upon student enrollment data obtained from the Registrar.
- We will verify revenue from television broadcasts and other miscellaneous revenue by reviewing applicable supporting documentation.
- We will perform analytical review procedures of expenditure balances by comparing current amounts to budgeted and prior period amounts and will investigate any significant or unusual fluctuations.
- We will vouch a random sample of expenditure amounts and review the appropriate supporting documentation.
- We will review payroll expenditures as recorded in the general ledger by comparison to the schedule of earnings and fringe benefits. We will also review supporting personnel action forms noting appropriate approval for the related wages and fringe benefits.

Internal Control Over Financial Reporting

- We will review the athletic department's organization and the use of internal auditors in the department to ensure adherence to established policies and procedures.
- We will review the flow of information through the accounting system for randomly selected revenue, cash receipts and cash disbursements transactions.
- We will review and document the current status of internal control findings noted in prior years.

Compliance with State Laws and Regulations

- We will review and test representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program.
- We will review the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions.

Because the procedures noted above do not constitute an audit or an examination made in accordance with generally accepted auditing standards, our report will not express an opinion on either the specified elements, accounts, items or management's assertions. In addition, we have no obligation to perform any procedures beyond those previously noted.

We will submit a report listing the procedures performed and the results of those procedures. This report is solely for the use of the President, his designees and authorized representatives of the NCAA, and should not be used by those who did not agree to the procedures. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We will also perform minimum agreed-upon procedures related to expenditures for or in behalf of the Athletic Department by outside organizations not under the institution's accounting controls. These procedures are in accordance with prescribed NCAA procedures for the review of outside organizations. As such, we request that the University identify the outside organizations and provide us with appropriate financial statements for such organizations.

The minimum agreed-upon procedures for the review of the outside organization's financial statements are as follows:

- We will verify amounts reported as revenues by reviewing appropriate documentation (i.e. acknowledgment forms, deposit slips, etc.) for all individual transactions selected for review.
- We will vouch selected expenditure amounts and review the appropriate supporting documentation.

Because the procedures noted above do not constitute an audit made in accordance with generally accepted auditing standards, our report will not express an opinion with respect to the specified accounts or items referred to above.

In addition, we agree to the following provisions:

The Legislative Auditor shall be immediately informed in writing of any illegal or fraudulent acts.

Our working papers shall be available for inspection by the Legislative Auditor, any state or federal grantor, any state or federal cognizant agency, any successor auditor, and/or any organization authorized by the Louisiana State Board of Certified Public Accountants to perform working paper reviews as part of a quality assurance program.

Dr. Steve A. Favors
President
Grambling State University
November 2, 2000 - Page 5

We will notify the Legislative Auditor in writing of any imposed scope restrictions, including denial of access to appropriate books and records, excluding statutorily confidential information.

We will notify the Legislative Auditor in writing if we decide to withdraw from the engagement or if the engagement is canceled. This notification will include all substantive reasons for the withdrawal or cancellation.

We shall send five (5) copies of the report(s), and any management letter comments, to the University, and seven (7) copies (6 bound and 1 unbound) to the Legislative Auditor.

Subsequent to the issuance of the report, should it become necessary to alter or reissue the report(s), and any management letter, the reissued report(s) or management letter will be distributed in the same manner as the original report(s).

Our working papers shall be retained for a minimum of three years. We will commence our review of the Athletic Department's activities upon notification from you of the availability of the records. We will issue our report not later than December 31, 2000.

Our charges are \$15,000.00. We will bill you on the basis of such charges inclusive of out-of-pocket expenses. We will require that appropriate staff of the University prepare certain schedules, expense analyses and provide appropriate supporting documentation that will be required for our review. We will provide information requests to the University's staff prior to the start of our review.

Dr. Steve A. Favors
President
Grambling State University
November 2, 2000 - Page 6

It is understood that any unusual situations arising in connection with the review, which would require special investigation, are not contemplated in the above estimate and would not be undertaken until we discuss them with you. The Legislative Auditor will be informed of any such unusual situations requiring special investigation which is not undertaken.

If this proposal meets with your approval, please sign the enclosed copy of this letter and return it to the Legislative Auditor for approval.

Very truly yours,

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

BY: Michael B. Bruno
Michael B. Bruno, CPA
Managing Partner

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS
PROGRAM**

BY: [Signature]
TITLE: President

LEGISLATIVE AUDITOR:

BY: _____

DATE: _____



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We concur with the finding that Grambling State University should establish an adequate compilation and review function. Data collected and compilation problems were created by overlapping data from one year to the next, failing to collect or maintain source documents, and misinterpretation of some terms. The problems led to reporting errors.

A compilation and review process has been implemented to correct internal control weaknesses that led to the finding of noncompliance. The compilation and review process is designed to assure accurate and reliable reports that comply with state laws and regulations. Intervening steps of the data collection, analysis and review process include reconciling reported data with support documentation. The following steps are being implemented:

Response:

1. The University Planning Council will review performance indicators for Fiscal Year 2001 by December 15, 2000. Performance procedures established by the Louisiana Performance Accounting System (LaPAS) for correcting previously entered data would be used to make any corrections indicated by this review.
2. The Planning Council will review performance indicators for 2002 by January 30, 2001. Again, established correction procedures will be followed if needed.
3. The Planning Council will identify future performance indicators during the strategic planning process and these indicators will be identified in the university's strategic plan being submitted by July 1, 2001.

4. The Planning Council will identify Divisions/Schools/Colleges/ Departments/Units expected to impact each objective during the strategic planning process.
5. The Coordinator of Assessment will design a structure consisting of surveys, reporting formats and questionnaires for data collection for each 2001 performance indicator by December 1, 2000. The process will be shared with relevant unit administrators in January 2001, and thereafter, data collection forms will be distributed the first week of each fall semester. Reporting units will be required to attach support documentation for each data element.
6. The Coordinator of Assessment will distribute a schedule requiring units to submit data collection forms on the last day of each quarter to all reporting units. Follow up actions to collect reports due will be enacted two days after the due date.
7. The Coordinator of Assessment will organize data, with accompanying documentation, and will submit all information and documentation to the Director of Planning and Analysis on the fourth (4th) day after the close of the quarter.
8. The Director of Planning and Analysis will prepare the data for submission and create a folder for specific supporting documentation for each performance indicator.
9. A team consisting of the Executive Director of Institutional Effectiveness and Planning, the Director of Planning and Analysis, the Coordinator of Assessment and one representative from the division with primary responsibility for each performance indicator will view the final report.
10. The Director of Planning and Analysis will develop a "hard copy" of the report and submit, along with the supporting documentation, for review by the President before transmitting the report as required.

I trust that the procedure outlined above and the attached action plan is sufficient to address the audit finding. If additional information is needed, please do not hesitate to contact me.

Sincerely,



Steve A. Favors
President

Attachment

Grambling State University

Action Plan to Address Audit Finding

Audit Finding	Achievement Tasks/Activities	Criteria to be used to assess achievement of tasks/activities	Person(s) responsible	Target Date
<ul style="list-style-type: none"> Grambling State University should establish an adequate compilation and review function to ensure that performance progress reports are accurate, reliable, and comply with state laws and regulations. 	<ol style="list-style-type: none"> Review fiscal year 2001 performance indicators and data entered for accuracy. Review fiscal year 2002 performance indicators and data entered for accuracy. Identify units expected to impact 2001 performance objectives. Design structure for collecting data for each 2001 performance indicator. Prepare and distribute data collection schedule for 2000-2001. 	<ol style="list-style-type: none"> Performance indicator stated correctly. Baseline data supplied is accurate. Documentation to support data is on file. Performance indicator stated correctly. Baseline data supplied is accurate. Documentation to support all data reported is on file. Match actions required to meet objectives to unit goals and objectives A certain type of data needed and design collection instrument needed. Schedule is available and distribution list with signatures is on file. 	University Planning Council University Planning Council University Planning Council Coordinator of Assessment Coordinator of Assessment	Dec. 15, 2000 Jan. 30, 2001 Dec. 15, 2000 Dec. 15, 2000 Dec. 15, 2000

Grambling State University

Action Plan to Address Audit Findings

Audit Finding	Achievement Tasks/Activities	Criteria to be used to assess achievement of tasks/activities	Person(s) responsible	Target Date
6.	Collect data and support documents for 2 nd quarter performance indicators.	6.1 All required data and supporting documentation is in.	Coordinator of Assessment	Jan. 6, 2001
7.	Prepare data for submission and a file of documentation for each PI.	7.1 Hardcopy of report with data and computations certified as accurate.	Director of Planning and Analysis	Jan. 8, 2001
8.	Review Report	8.1 Accuracy of all data. Variances of 5% or more. Accurate documentation that is reconciled with numbers being submitted.	Review team	Jan. 11, 2001
9.	Submit to President for review	9.1 Criteria used by review team	President or designee	Jan. 13, 2001
10.	Second quarter report submitted	10.1 All stages of review process successfully completed.	Director of Planning and Analysis	Jan. 15, 2001



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117
FAX: (318) 274-6172

December 5, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University concurs with the finding—lack of inaccurate accounting for balance sheet accounts.

Response:

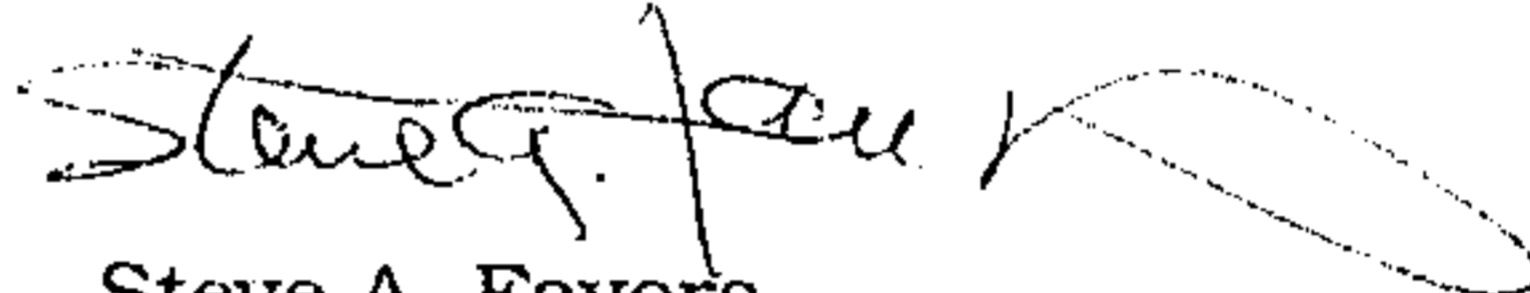
Several factors contributed to the lack of accurate balance sheets accounts. One factor was that the accounting entries for payroll and cash receipts for the period July 1999 to September 1999 were posted into the old BANNER software using the former rule codes. Due to the errors in the rule codes, these entries were posted incorrectly and subsequently SCT was contracted to reverse. In addition, the University had to purchase and install additional hardware and software to complete the conversion to BANNER 2000. This process was completed in October 1999. The accounting staff worked to assist in recompiling FY 1999 data until October 1999 at which time the University contracted the services of Postlethwaite and Netterville, APAC (P&N) to reconstruct FY 1999. FY 1999 was loaded into BANNER on July 13, 2000, with additional adjustments posted until August 18, 2000. In February 2000, the staff began journalizing the transactions for FY 2000.

Letter to Dr. Kyle
Transaction Deficiencies
Page Two

This monumental task of posting all transactions for the prior seven months would later not allow the staff the necessary needed time to reconcile the accounts. The final postings to the general ledger were completed August 18, 2000. Financial statements were by law required to be completed and delivered to the Office of Statewide Reporting and the Office of the Legislative Auditors by September 1, 2000.

The student accounts receivable module is still maintained on POISE and has not been converted to BANNER. This conversion is scheduled for Fall 2001. Although the accounting staff did not perform reconciliation of accounts during FY 2000, and had not updated the subsidiary ledgers for transactions posted only to BANNER since the conversion, the accounting staff will implement a complete dual accounting system until all areas are totally converted to BANNER. Updates to the subsidiary ledgers for student receivables accounts will be performed quarterly to the EXCEL spreadsheets developed, all other general ledger accounts will be reconciled monthly.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Favors", with a large, sweeping flourish extending to the right.

Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT
Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117
FAX: (318) 274-6172

November 29, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University concurs with the audit finding, untimely and insufficiently supported bank reconciliation.

Response:

The University hired an interim comptroller effective, February 1, 2000, at which time the accounting personnel were instructed to prepare all journal entries from July 1, 1999 through January 31, 2000. The lateness of the preparation of these entries caused delays in performing bank reconciliations. Although the university hired an accountant to perform this task, the employee exited the university after three months of employment. The University then acquired the services of Postlethwaite and Netterville APAC (P&N) to perform the bank reconciliations.

During October 1999, the University did suffer a loss as a result of counterfeit checks being created and processed against the University's account. Due to modern technology and its easy access persons were able to perpetrate this crime. The banking institution did reimburse those claims filed within the reasonable time and stated that the University could charge those funds not reimbursed against the perpetrators. The Comptroller has forwarded all counterfeit checks to the Lincoln Parish Sheriff's Office for tracing of fingerprints and investigation.

On October 2, 2000, the University hired an accountant to perform bank reconciliations. Training of this new employee is being performed by P&N. Bank reconciliations are being performed for the current fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Favors", with a large, stylized flourish at the end.

Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

December 5, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University concurs with the finding—lack of documentation to support restricted fund grants receivables and deferred revenues.

Response:

The Banner Grant Module implemented in June 2000 provides Grants Administration with a reliable financial system that records disbursements and receipts in addition to establishing grants receivables based on expenditures and identifying deferred revenues.

A receivable reconciliation has been completed based upon expenditures from the Banner System that were replaced by expenditures provided from TB2. The final expenditure amounts from 1998-99 and related grants receivable compiled on TB2 and which impact the beginning balances for June 30, 2000 were not reconciled and finally adjusted until November 2000.

The lack of reconciliations for fiscal year 1998 and incomplete reconciliations in fiscal year 1999 required adjustments to the fiscal year 2000 grants receivable. The distribution of cash drawn from the Department of Education (DOE) and the Department of Health and Human Services (DHHS) were not recorded properly. While the University did not overdraw its federal grants, it failed to properly distribute the funds that were drawn to the specific restricted grant fund.

Letter to Dr. Kyle
Grants Receivable and Deferred Revenues
Page Two

A journal voucher has been prepared and submitted to Accounting that will adjust the receivable in accordance to the grants schedule as of June 30, 2000 dated November 9, 2000. After the receivable is adjusted, the new grant module will provide accurate documentation for receivable balances.


Grants Administration will compile reconciliation quarterly for all grants and contracts. The quarterly reports will match expenditures and receivables with external agencies reporting sources such as the PMS 272, EdGaps, the NSF report, etc. The quarterly reports will be submitted to the Vice President for Finance for review and approval.

The Grants Module will provide the documentation needed to support future receivable balances. EdGaps, the PMS 272 (DHHS), and the NSF report have already been adjusted to reflect the corrected expenditures and balances. The University's ledgers are the only reports that require adjustment.

The quarterly reports for 09/30/00 and 12/31/00, along with reconciliation will be completed and submitted to the Vice President for Finance by January 31, 2001. The University system's failure during the year ended June 30, 1999, caused the amount recorded in restricted fund accounts receivable/fund balances to be incorrect. The audit for June 30, 1999 was not complete until May 2000. The University's staff and consultants have been working on correcting those balances in the restricted funds. As a result, there have been several interim balances for these funds.

To address the concerns regarding the restricted fund grants receivable in deferred revenue deficiencies, the University has requested that an outside accounting firm, Postlethwaite & Netterville, APAC (P&N) provide training to Grambling State University employees and assist in implementation of procedures within these financial reporting areas.

Sincerely,



Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

December 5, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Grambling State University concurs with the finding—transaction deficiencies.

Response:

The University understands the significance of this finding and is focusing on the issues. The Bursar position, open since the latter part of 1998 was filled in October 2000. The purpose of this position is to supervise the cashiers and implement review and approval procedures within the cash receipts area.

On August 24, 1999, the University acknowledges that a theft of \$1,000 occurred. On this day, temporary employees were hired to assist within the cashier area. The University no longer employs temporary employees within this department. Also, the employee who approved this pay-in voucher (PIV) was disciplined for this action.

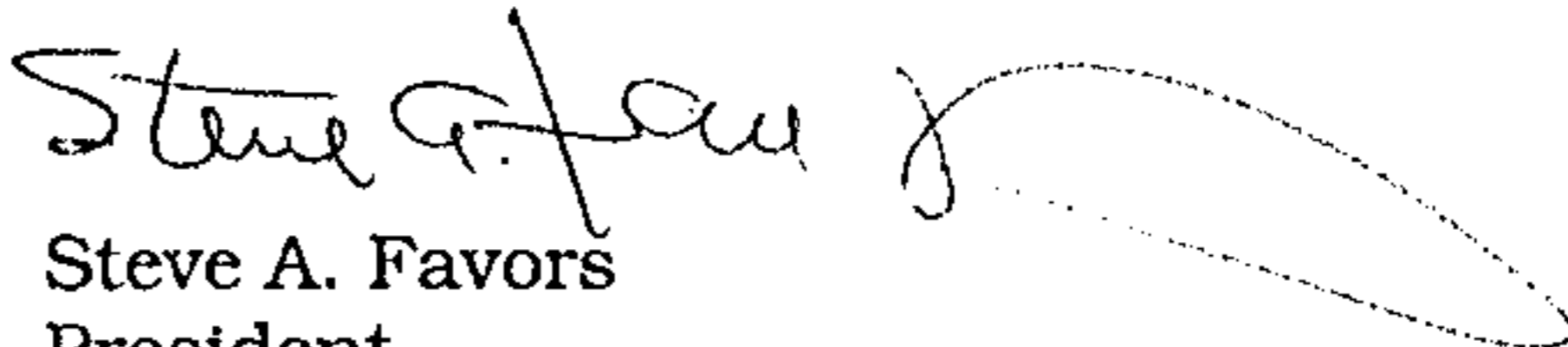
For FY 2000, the University did not begin preparing journal vouchers until February 2000 when the Interim Comptroller was appointed. The tardiness and volume of these journal vouchers caused the lack of control over the recording of the journal vouchers. For FY 2001, the accounting staff is preparing journal vouchers more timely.

Letter to Dr. Kyle
Transaction Deficiencies
Page Two

To address the concerns regarding the cash disbursements, cash receipts, and journal vouchers the University has requested that an outside accounting firm, Postlethwaite & Netterville, APAC (P&N), provide training to Grambling State University employees and assist in implementation of procedures within these financial reporting areas.

The University is committed to addressing these concerns and developing internal control procedures to improve the processing of financial transactions.

Sincerely,


Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the audit finding regarding Untimely Collection of Contract Revenue, Grambling State University concurs.

Response:

The University will aggressively seek timely payment from contractors for all revenue related to these two (2) contracts.

Bookstore Operations

The University has requested that Follett ensure that the University receives lease payments by the fifteenth (15th) of each month after the end of each quarter, and that salary and fringe benefit reimbursements be received within fifteen days after they have received the quarterly invoice. The University will ensure that salary invoices are issued five (5) days after the close of the quarter. Utility reimbursement requests will be submitted monthly to Follett within five (5) working days after the bills are paid by Accounts Payable, with the stipulation that payments be made to the University, within fifteen (15) days after receipt of the invoice.

Food Service

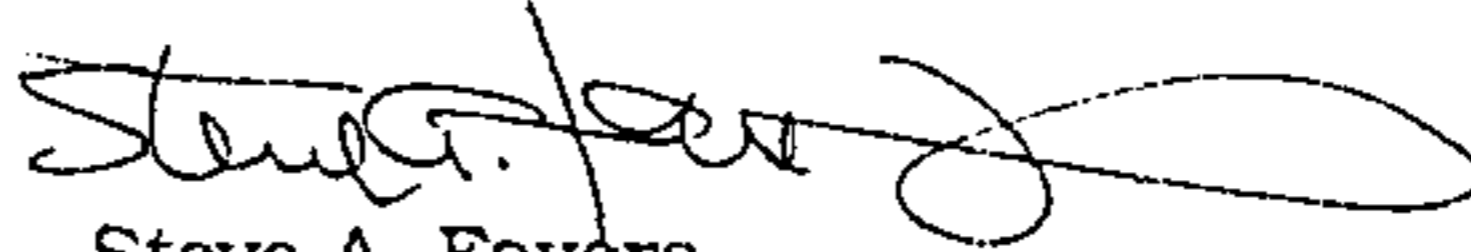
The University has requested that ARAMARK take the necessary action to ensure that reimbursement for salaries and fringe benefits are received by the University within fifteen (15) days of the receipt of the invoice. The University will ensure that invoices are issued within ten (10) days after the close of the month. Utility reimbursement requests will be submitted to ARAMARK within five (5) working days after the bills are paid by Accounts Payable, with the stipulation that payment be made to the University within fifteen (15) days after receipt of the invoice.

Letter to Dr. Kyle
Untimely Collection of Contract Revenue
Page Two

The Director of Administrative Services has discussed the need for timely payments with the Bookstore Manager, Mr. Bryce Hutcherson, Ms. Diana Jackson, Regional Manager for Follett Higher Education Group, and the Director of Food Service, Ms. Tracy Smith. Follow up letters have already been sent to Follett and ARAMARK requesting timely payments (see Attachments). Both Follett and ARAMARK have been billed for utilities to date (see Attachments). ARAMARK is current with all salary payments through September 30, 2000.

The university's contact person for corrective action is Delores W. Smith, Director of Administrative Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Favors", with a large, stylized flourish at the end.

Steve A. Favors
President



Grambling State University

Administrative Services

Grambling, Louisiana 71245

Long-Jones Hall, Room 233
P. O. Drawer 843

Phone: (318) 274-2559
FAX: (318) 274-3722

MEMORANDUM

TO: Ms. Tracy Smith
Director of Food Service

FROM: *Delores Smith*
Delores W. Smith, Director

DATE: November 15, 2000

RE: TIMELY PAYMENT FOR CONTRACT ITEMS

This memorandum is being sent as a follow up of our previous conversations concerning timely payment for items in the contract. A review of the lease payments for 1999-2000 fiscal year shows none of the checks were issued in a timely manner. The contract indicates that ARAMARK will pay all invoices within fifteen (15) days of the invoice receipt date. The President signed the revisions to the current contract on October 25, 2000. To date we have not received our revised lease payment, which was due 15 days after receipt of the revised contract. Please take the necessary steps to insure that payment for the lease is received immediately and that all future payments are made within this 15-day time frame.

Additionally, payment is requested for the \$5,000 for scholarships by December 1, 2000.

Request for payments for utilities will be submitted as the Accounting Office pays bills. Payment of these bills and salaries reimbursements must be received within 15 days of receipt of the invoice.

Your assistance is needed to insure that the University receives timely payments of all items in the contract. Please have checks issued as soon as possible.



Grambling State University

Administrative Services

Grambling, Louisiana 71245

Long-Jones Hall, Room 233
P. O. Drawer 843

Phone: (318) 274-2559
FAX: (318) 274-3722

MEMORANDUM

TO: Mr. Bryce Hutcherson
Bookstore Manager

FROM: *Delores W. Smith*
Delores W. Smith, Director

DATE: November 8, 2000

RE: TIMELY PAYMENT FOR CONTRACT ITEMS

This memorandum is being sent as a follow up of our previous conversations concerning timely payment for items in the contract. A review of the commission payment for 1999-2000 fiscal shows that none of the checks were issued until after the 15 days following the end of the quarter. The contract states that payments will be made quarterly fifteen days after the end of the quarter. Please insure that Grambling State University receives all future checks within the fifteen days as stipulated in the contract.

Payment for salaries should be received within fifteen days after you receive the invoice. To date, I have not received payment for the salary invoice submitted to you on October 4, 2000. I can not continue to sign Mr. Powell's time sheet unless payment is received for the first quarter.

Also, I have not received the final payment for the textbooks. I sent you a memorandum on July 10, 2000, requesting that payment. To date I have not received any response (see attachment).

The University can not continue to do business with Follette unless you can live up to your contract obligations. The lateness of payments for 1998-99 and 1999-00 has resulted in audit findings from the Louisiana Legislative Auditors. It is my responsibility to take corrective action to ensure that these finding are not repeated. To do so, I need the assistance of Follette. Please have checks issued as soon as possible.



Grambling State University

Administrative Services

Grambling, Louisiana 71245

Long-Jones Hall, Room 233
P. O. Drawer 843

Phone: (318) 274-2559
FAX: (318) 274-3722

TO: Mr. Brice Hutcherson
Bookstore Manager

FROM: *Delores W. Smith*
Delores W. Smith, Director

DATE: July 10, 2000

RE: BALANCE DUE GSU ON TEXTBOOKS ACQUIRED

Please forward to Grambling State University a Check in the amount of \$20,940.10 which represents the balance due the university for books acquired by Follett College Stores in the transition of the bookstore. The original letter (see attachment) referenced \$37,000 in non-adopted textbooks. However the amount of the books was only \$20,908.63.

I am attaching a copy of the list provided me by Mr. Mark Person. However, that list is at retail the prices, when we should be charged at cost. Additionally, when we inventoried the actual books, there were some required adjustments that need to be made. I have attached revised list with the necessary adjustments.

If you have any questions, please call.

Attachments

GRAMBLING STATE UNIVERSITY
UTILITY CHARGES-ELECTRIC
JULY1, 2000-SEPTEMBER 30, 2000
ARAMARK

November 16, 2000

Total Entergy Cost (July 1, 2000-September 30, 2000) \$700,851.91

Percentage chargeable to the Auxiliary Fund 43%

Amount chargeable to the Auxiliary Fund \$301,366.22

Snack Bar	\$ 749.40
Dinning Hall	<u>16,707.23</u>
Total	17,456.63

NOTE: AMOUNTS ARE BASED ON SQUARE FORTAGE OF BUILDINGS (SEE ATTACHMENT)

Please make check payable to:
Grambling State University

Forward remittance to:
Vice President for Finance
P.O. Box 605
Grambling, LA 71245

Payment is expected by December 1, 2000

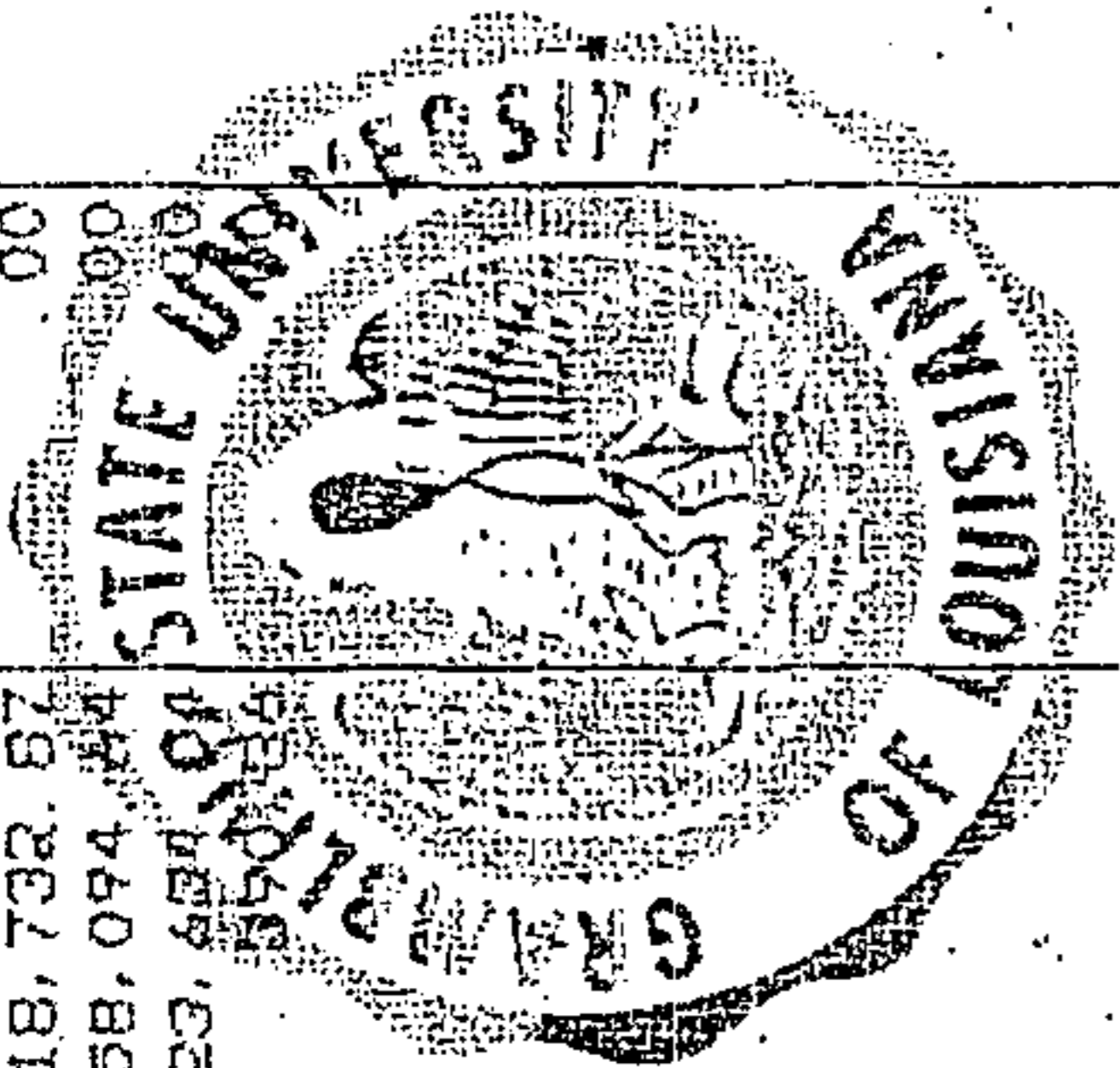
DISTRIBUTION OF ELECTRIC CHARGES ENERGY

NAME	POISE #s	BANNER #s	%	TOTAL COST OF
				\$1,603,597.92
Physical Plant General	1-1718	100-1154	57	914,050.81
			43	689,547.11
Laundry Commissions	2-2905	100-1134	0.0024867	1,493.49
Snack Bar	2-2703	208-1323	0.0024867	1,493.49
Dining Hall	2-2701	202-1131	0.0554383	33,296.24
Student Activities	2-2901	208-1321	0.064314	38,627.04
Housing Income-Fees	2-2100	201-1312	0.7868328	471,971.49
Bookstore	2-2301	205-1130	0.0370367	22,244.23
Intramural Complex	2-2919	360-1305	0.0421353	25,306.50
Health Center	2-3101	100-1304	0.0102695	6,167.88
	2-2401	203-1341	0.128993	88,946.75

NOTE: AMOUNTS ARE BASED ON SQUARE FOOTAGE OF BUILDINGS

RECEIVED ^{dues}
 NOV 14 2000
 Administrative
 Services

NUMBER	DATE	STATE UNIVERSITY	CHANGES	210,732.87
AUG 22, 2001	10/26/00	00	00	210,732.87
SEPT 26, 2001	10/26/00	00	00	258,094.64
OCT 23, 2001	10/26/00	00	00	223,634.04
OCT 16, 2001	10/26/00	00	00	370.36



GRAMBLING STATE UNIVERSITY

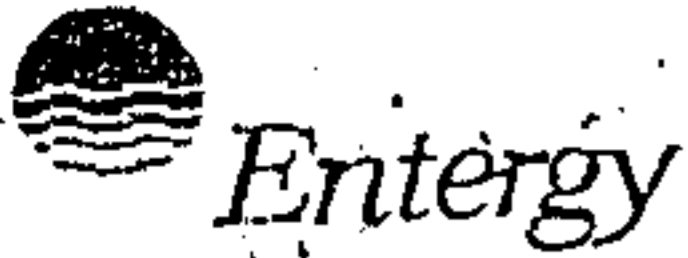


GRAMBLING STATE UNIVERSITY
 GRAMBLING, LOUISIANA 71245
 ACCOUNTS PAYABLE
 DATE 10/25/00
 CHECK NO. 057818
 BANK ONE
 HOUSTON, LA

AMOUNT OF \$ 891,100.88
 Eight Hundred Eighty One & 91/100 Thousand Dollars

\$ 891,100.88

NON-NEGOTIABLE



Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

PAY THIS AMOUNT	BEFORE 10/23/00	\$700,461.55 *
PAY THIS AMOUNT	AFTER 10/23/00	\$700,461.55

Due date does not apply to any previous balance already past due

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location		0000		
GRAMBLING BUSINESS ACCT GRAMBLING LA 71245				

M1

Billing Period	No. Days	Mail Date
09/01/00 TO 10/01/00	30	10/03/00

Bill History	KWH	Days	Amount
Last Month	3407600	31	\$258,094.64
This Month	3113600	28	
Last Year			

Keep this portion for your records

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	7100702	30336	29238	1096	2800	3068800	31		
RKV1	7100702	3380.00			1	3380.0			
RKV2	7100702	3320.00			1	3320.0			
RKV3	7100702	3152.00			1	3152.0			
ARKV	7100702	3284.00			1	3284.0			
6169.0 KW1 09/01 01:59PM									
5873.0 KW2 09/05 03:14PM									
5840.0 KW3 09/20 02:59PM									
5961.0 AKW 00/00 12:00AM									
BILLED KWH 5961.0									
DEMAND CHARGE									
2000 KW @ \$13.760125 27,520.25									
3961 KW @ \$13.650000 54,067.65									
1793.5 RKVA @ \$.400000 717.40									
ENERGY CHARGE									
3068800 KWH @ \$.007600 23,322.88									
FUEL ADJUSTMENT 3068800 KWH @ \$.0426100 130,761.57									
FORMULA RATE PLAN REDUCTION 14,431.58CR									
FUEL REALIGNMENT ADJUSTMENT 3068800 KWH @ \$.0005461 1,675.87									
CURRENT MONTHLY CHARGE 23,634.04									
PREVIOUS BALANCE 476,827.51									

Handwritten: 438 lb
12-04-1312-24500

PLEASE ADD \$1.00 FOR HELPING HANDS

~~Amount Due~~

Please detach and return with your check payable to Entergy



Our records show your telephone number is 318-247-3663. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number 1250346 QPC 502 Office 016 Cycle 04

Route Grambling State University
Accounting Office
Processed for Payment

Due date does not apply to any previous balance already past due

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

OCT 26 2000

PAY THIS AMOUNT	BEFORE 10/23/00	\$700,461.55 *
PAY THIS AMOUNT	AFTER 10/23/00	\$700,461.55



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-4001



Entergy
CENTRAL
PO BX 64001 NEW ORLEANS LA 70164

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location				
GRAMBLING BUSINESS ACCT GRAMBLING, LA				

Pay This Amount	BY	Date
	BY	09/26/00
		\$476,827.51
Pay This Amount	AFTER	Date
	AFTER	09/26/00
		\$476,827.51

Due date does not apply to any previous balance already past due

Billing Period	No. Days	Mail Date
E 08/01/00 TO 09/01/00	31	09/06/00
G 00/00/00 TO 00/00/00	0	

Bill History	KWH/CCF	Days	Amount
Last Month	3,043,600	31	218,732.87
	0	0	0.00
This Month	3,154,000	29	
Last Year	0	0	

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING, LA 71245

Handwritten: 43866
100

Keep this portion for your records

Type	Meter		Meter Reading		Diff.	Multiplier	Usage	Rate Code	Rider Code	Amount
	Number		Present	Previous						
KWH	7100702		29238	28021	1217	2800	3407600	31		
RKV1	7100702		3340.00			1	3340.0			
RKV2	7100702		3367.00			1	3367.0			
RKV3	7100702		3387.00			1	3387.0			
ARKV	7100702		3364.00			1	3364.0			

6189.0 KW1 08/31 02:14PM
6061.0 KW2 08/22 01:14PM
6061.0 KW3 08/29 04:14PM
6104.0 AKW 00/00 12:00AM
BILLED KW 6104.0

DEMAND CHARGE

2000 KW	@	\$13.760125	27,520.25
4104 KW	@	\$13.650000	56,019.60
1838 RKVA	@	\$.400000	735.20

ENERGY CHARGE

3407600 KWH	@	\$.007600	25,897.76
-------------	---	-----------	-----------

FUEL ADJUSTMENT 3407600 KWH @ \$0.0472000 150,838.72

FORMULA RATE PLAN REDUCTION 14,777.7BCR

FUEL REALIGNMENT ADJUSTMENT 3407600 KWH @ 260.89

CURRENT MONTHLY CHARGE 258,094.64

PREVIOUS BALANCE 218,732.87

THANK YOU FOR YOUR PAYMENT(S) \$175,815.42

I certify that this is a true copy; records have been researched and payment has not been tendered.

Handwritten: J. Oaks 10/26/00
Vendor Specialist / Date

Grambling State University
Accounting Office
Processed for Payment

OCT 26 2000



Entergy

Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

PAY THIS AMOUNT	BY 08/22/00
PAY THIS AMOUNT	METER 08/22/00
	\$394,548.29 *
	\$394,548.29

Due date does not apply to any previous balance already past due

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location		0000		
GRAMBLING BUSINESS ACCT GRAMBLING LA 71245				

Billing Period	No. Days	Mail Date
07/01/00 TO 08/01/00	31	08/02/00

Bill History	KWH	Days	Amount
Last Month	2881200	30	\$177,085.42
This Month	3164000	32	
Last Year			

Keep this portion for your records.

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	7100702	28021	26954	1067	2800	3043600	31		
RKV1	7100702	2950.00			1	2950.0			
RKV2	7100702	2896.00			1	2896.0			
RKV3	7100702	2849.00			1	2849.0			
ARKV	7100702	2899.00			1	2899.0			
5470.0 KW1 07/13 03:14PM									
5302.0 KW2 07/11 01:44PM									
5289.0 KW3 07/10 03:14PM									
5354.0 AKW 00/00 12:00AM									
BILLED KW		5354.0							
DEMAND CHARGE									
2000 KW		@ \$13.760125		27,520.25					
3354 KW		@ \$13.650000		45,782.10					
1560.5 RKVA		@ \$4.000000		624.20					
ENERGY CHARGE									
3043600 KWH		@ \$6.007600		23,131.36					
FUEL ADJUSTMENT		3043600 KWH @ \$0.0436900		132,974.88					
FORMULA RATE PLAN REDUCTION									
FUEL REALIGNMENT ADJUSTMENT		3043600 KWH @ \$0.004651		1,662.11					
CURRENT MONTHLY CHARGE									
PREVIOUS BALANCE									
PLEASE ADD \$1.00 FOR HELPING HANDS									

Please detach and return with your check payable to Entergy



Entergy

Our records show your telephone number is 318-247-3663. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number QPC Office Cycle Route
1250346 502 016 04 99

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Grambling State University
Accounting Office
Processed for Payment
OCT 26 2000

Due date does not apply to any previous balance already past due

PAY THIS AMOUNT	BY 08/22/00
PAY THIS AMOUNT	METER 08/22/00
	\$394,548.29 *
	\$394,548.29



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-400151



Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Call 1-800-368-3749

Customer Bill

Please Bring Entire Bill When Paying In Person

PAY THIS AMOUNT	BY 10/16/2000	\$435.31 *
PAY THIS AMOUNT	AFTER 10/16/2000	\$454.83

Due date does not apply to any previous balance already past due

Account Number	QPC	Office	Cycle	Route
2877598	202	010	19	13
Service Location		0171		
200 R W E JONES BLVD GRAMBLING LA 00000				

Billing Period	No. Days	Mail Date
08/22/2000 TO 09/21/2000	30	09/26/2000

Bill History	KWH	Days	Amount
Last Month	3460	52	\$332.05
This Month	5528	34	
Last Year			

10175 1 AT 0.261 ***** 3-DIGIT 712

GRAMBLING UNIVERSITY/ALUMNI ASSOCIATION
PO BOX 25
GRAMBLING LA 71245-0025

0 3DG 010175 TU26 1 L

Keep this portion for your records

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	850298	67120	63560	3760	1	3760	01	A2	
ENERGY CHARGE									400.18
FUEL ADJUSTMENT FACTOR \$.0462700									
FORMULA RATE PLAN REDUCTION									28.83CR
FUEL REALIGNMENT ADJUSTMENT 3760 KWH @ \$0.0005461									2.05
***** SECURITY LIGHTING BILLING *****									
RATE CODE	QUANTITY	FACILITY TYPE	KWH USAGE						
45D	1	250W LAMP	106.0						18.39
FUEL ADJUSTMENT FACTOR \$.0462700									
FORMULA RATE PLAN REDUCTION									1.49CR
FUEL REALIGNMENT ADJUSTMENT 106 KWH @ \$0.0005461									.06
CURRENT MONTHLY CHARGE									390.36
PREVIOUS BALANCE									441.95
THANK YOU FOR YOUR PAYMENT(S)									\$642.42

Handwritten: 43867

PLEASE ADD \$1.00 FOR HELPING HANDS

Amount Due considered delinquent after 15 days



Please detach and return with your check payable to Entergy

Our records show your telephone number is 318-274-2748. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number QPC Office Cycle Route
2877598 202 010 19 13

GRAMBLING UNIVERSITY ALUMNI ASSOCIATION
PO BOX 25
GRAMBLING LA 71245-0025

Grambling State University
Accounting Office
Processed for Payment

Due date does not apply to any previous balance already past due

OCT 26 2000

PAY THIS AMOUNT	BY 10/16/2000	\$435.31 *
PAY THIS AMOUNT	AFTER 10/16/2000	\$454.83



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-400152

GRAMBLING STATE UNIVERSITY
UTILITY CHARGES-ELECTRIC
JULY1, 2000-SEPTEMBER 30, 2000
FOLLETTE

November 16, 2000

Total Entergy Cost (July 1, 2000-September 30, 2000) \$700,851.91

Percentage chargeable to the Auxiliary Fund 43%

Amount chargeable to the Auxiliary Fund \$301,366.22

Bookstore \$11,272.22

NOTE: AMOUNTS ARE BASED ON SQUARE FOOTAGE OF BUILDINGS (SEE ATTACHMENT)

Please make check payable to:
Grambling State University

Forward remittance to:
Vice President for Finance
P.O. Box 605
Grambling, LA 71245

Payment is expected by December 1, 2000

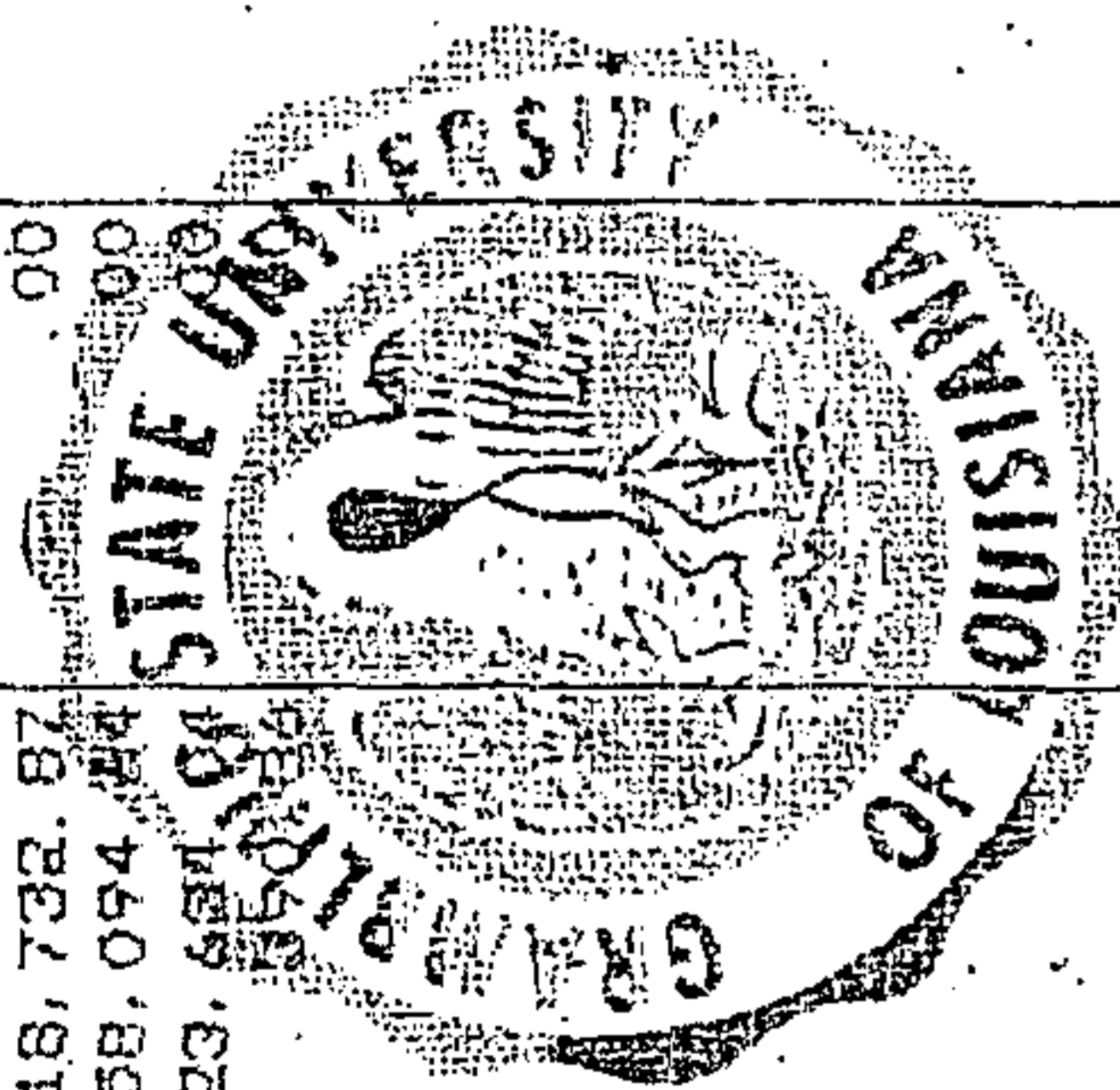
DISTRIBUTION OF ELECTRIC CHARGES ENERGY

NAME	POISE #'s	BANNER #s	%
Physical Plant General	1-1718	100-1154	57
Laundry Commissions	2-2905	100-1134	<u>43</u> 0.0024867
Snack Bar	2-2703	208-1323	0.0024867
Dining Hall	2-2701	202-1131	0.0554383
Student Activities	2-2901	208-1321	0.064314
Housing Income-Fees	2-2100	201-1312	0.7868328
Bookstore	2-2301	205-1130	0.0370367
Intramural Complex	2-2919	360-1305	0.0421353
Health Center	2-3101	100-1304	0.0102695
	2-2401	203-1341	0.128993

NOTE: AMOUNTS ARE BASED ON SQUARE FOOTAGE OF BUILDINGS

RECEIVED ^{dues}
 NOV 14 2000
 Administrative
 Services

NUMBER	DATE	AMOUNT	AMOUNT	AMOUNT	AMOUNT
AUG 22, 2001	10/26/00	218,732.87	.00	.00	218,732.87
SEPT 26, 2001	10/26/00	258,094.64	.00	.00	258,094.64
OCT 23, 2001	10/26/00	223,634.04	.00	.00	223,634.04
OCT 16, 2001	10/26/00	390.36	.00	.00	390.36



GRAMBLING STATE UNIVERSITY

GRAMBLING STATE UNIVERSITY

DATE: 10/25/00 CHECK NO: 007818

GRAMBLING, LOUISIANA 71245

BANK ONE
 RUSTON, LA

ACCOUNT'S PAYABLE

AMOUNT OF \$ 700,851.91

Seventy Thousand Eight Hundred Fifty One & 91/100***** DEBARS

PAY TO THE ORDER OF ENERGY

H. D. BDX 64001
 NEW ORLEANS, LA 70187

NON-NEGOTIABLE



Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

PAY THIS AMOUNT	BEFORE 10/23/00	\$700,461.55 *
PAY THIS AMOUNT	AFTER 10/23/00	\$700,461.55

Due date does not apply to any previous balance already past due

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location		0000		
GRAMBLING BUSINESS ACCT GRAMBLING LA 71245				

M1

Billing Period	No. Days	Mail Date
09/01/00 TO 10/01/00	30	10/03/00

Bill History	KWH	Days	Amount
Last Month	3407600	31	\$258,094.64
This Month	5115600	28	
Last Year			

Keep this portion for your records

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	7100702	30334	29238	1096	2800	3068800	31		
RKV1	7100702	3380.00			2	3380.0			
RKV2	7100702	3320.00			1	3320.0			
RKV3	7100702	3152.00			1	3152.0			
ARKV	7100702	3284.00			1	3284.0			
	6169.0 KWL	09/01 01:59PM							
	5873.0 KH2	09/05 03:14PM							
	5840.0 KW3	09/20 02:59PM							
	5961.0 AKW	00/00 12:00AM							
	BILLED KW	5961.0							
	DEMAND CHARGE								
	2000 KW		\$ 13.760125						27,520.25
	5961 KW		\$ 13.650000						81,067.65
	1793.5 RKVA		\$ 4.000000						717.40
	ENERGY CHARGE								
	3068800 KWH		\$ 0.007600						23,322.88
	FUEL ADJUSTMENT	3068800 KWH	\$ 0.0426100						130,761.57
	FORMULA RATE PLAN REDUCTION								14,431.58CR
	FUEL REALIGNMENT ADJUSTMENT	3068800 KWH	\$ 0.0005461						1,675.87
	CURRENT MONTHLY CHARGE								23,634.04
	PREVIOUS BALANCE								476,827.51

PLEASE ADD \$1.00 FOR HELPING HANDS

Please detach and return with your check payable to Entergy



Our records show your telephone number is 318-247-3663. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number QPC Office Cycle Route
1250346 502 016 04

Grambling State University
Accounting Office
Processed for Payment

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

OCT 26 2000

Due date does not apply to any previous balance already past due /

PAY THIS AMOUNT	BEFORE 10/23/00	\$700,461.55 *
PAY THIS AMOUNT	AFTER 10/23/00	\$700,461.55



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-4001



Entergy
CENTRAL
PO BX 64001 NEW ORLEANS LA 70164

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

Pay This Amount	BY	09/26/00
		\$476,827.51
Pay This Amount	AFTER	09/26/00
		\$476,827.51

Due date does not apply to any previous balance already past due

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING, LA 71245

Handwritten: 43866
100

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location				
GRAMBLING BUSINESS ACCT GRAMBLING, LA				

Billing Period	No. Days	Mail Date
E 08/01/00 TO 09/01/00	31	09/06/00
G 00/00/00 TO 00/00/00	0	

Bill History	KWH/CCF	Days	Amount
Last Month	3,043,600	31	218,732.87
	0	0	0.00
This Month	3,164,000	29	
Last Year	0	0	

Keep this portion for your records

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Diff.	Multiplier	Usage	Rate Code	Rider Code	Amount
------------	--------------	-----------------------	------------------------	-------	------------	-------	-----------	------------	--------

KWH	7100702	29238	28021	1217	2800	3407600	31		
RKV1	7100702	3340.00			1	3340.0			
RKV2	7100702	3367.00			1	3367.0			
RKV3	7100702	3387.00			1	3387.0			
ARKV	7100702	3364.00			1	3364.0			

6189.0	KW1	08/31	02:14PM
6061.0	KW2	08/22	01:14PM
6061.0	KW3	08/29	04:14PM
6104.0	AKW	00/00	12:00AM

BILLED KW 6104.0

DEMAND CHARGE

2000 KW	@	\$13.760125	27,520.25
4104 KW	@	\$13.650000	56,019.60
1838 RKVA	@	\$.400000	735.20

ENERGY CHARGE

3407600 KWH	@	\$.007600	25,897.76
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FUEL ADJUSTMENT

3407600 KWH	@	\$0.0472000	160,838.72
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FORMULA RATE PLAN REDUCTION

FUEL REALIGNMENT ADJUSTMENT

3407600 KWH	@	\$0.00	14,777.78CR
-------------	---	--------	-------------

CURRENT MONTHLY CHARGE

PREVIOUS BALANCE

THANK YOU FOR YOUR PAYMENT(S) \$175,815.42

I certify that this is a true copy; records have been researched and payment has not been tendered.

Handwritten: J. Oaks 10/26/00
Vendor Specialist / Date

Grambling State University
Accounting Office 14,777.78CR
Processed for Payment, 260.89

OCT 26 2000
258,094.64
218,732.87



Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Customer Bill

Call 1-800-368-3749

Please Bring Entire Bill When Paying In Person

Account Number	QPC	Office	Cycle	Route
1250346	502	016	04	99
Service Location		0000		
GRAMBLING BUSINESS ACCT GRAMBLING LA 71245				

M1

PAY THIS AMOUNT	BY DATE 08/22/00	\$394,548.29 *
PAY THIS AMOUNT	AFTER DATE 08/22/00	\$394,548.29

Due date does not apply to any previous balance already past due

Billing Period	No. Days	Mail Date
07/01/00 TO 08/01/00	31	08/02/00

Bill History	KWH	Days	Amount
Last Month	2881200	30	\$177,085.42
This Month	3164000	32	
Last Year			

Keep this portion for your records

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	7100702	28021	25934	1087	2800	3043600	31		
RKV1	7100702	2950.00			1	2950.0			
RKV2	7100702	2896.00			1	2896.0			
RKV3	7100702	2849.00			1	2849.0			
ARKV	7100702	2899.00			1	2899.0			
	5470.0 KW1	07/13 03:14PM							
	5302.0 KW2	07/11 01:44PM							
	5289.0 KW3	07/10 03:14PM							
	5354.0 AKW	08/00 12:00AM							
	BILLED KW	5354.0							
DEMAND CHARGE									
	2000 KW		\$	\$13,760.125					27,520.25
	3354 KW		\$	\$13,650.000					45,782.10
	1560.5 RKVA		\$	\$,400.000					624.20
ENERGY CHARGE									
	3043600 KWH		\$	\$,007.600					23,131.56
	FUEL ADJUSTMENT	3043600 KWH	\$	\$0,0436900					132,974.88
FORMULA RATE PLAN REDUCTION									
	FUEL REALIGNMENT ADJUSTMENT	3043600 KWH	\$	\$0,0005461					12,962.03CR
	CURRENT MONTHLY CHARGE								1,662.11
	PREVIOUS BALANCE								218,732.67
	PLEASE ADD \$1.00 FOR HELPING HANDS								175,815.42

Handwritten notes:
10-23-00
12/10/00
4/28/01

Handwritten notes:
258,044.64
218,732.87
476,827.51

Please detach and return with your check payable to Entergy



Our records show your telephone number is 318-247-3663. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number 1250346 QPC 502 Office 016 Cycle 04 Route 99

GRAMBLING COLLEGE
JAMES ARD PURCHASE ORDER # 10218
ACCTING OFFICE BOX 25
GRAMBLING LA 71245-0025

Grambling State University
Accounting Office
Processed for Payment
OCT 26 2000

Due date does not apply to any previous balance already past due

PAY THIS AMOUNT	BY DATE 08/22/00	\$394,548.29 *
PAY THIS AMOUNT	AFTER DATE 08/22/00	\$394,548.29



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-400158



Entergy
PO BOX 64001
NEW ORLEANS LA 70164-4001

Call 1-800-368-3749

Customer Bill

Please Bring Entire Bill When Paying In Person

PAY THIS AMOUNT	BY 09/26/2000	\$435.31 *
PAY THIS AMOUNT	AFTER 09/26/2000	\$454.83

Due date does not apply to any previous balance already past due

Account Number	QPC	Office	Cycle	Route
2877598	202	010	19	13
Service Location		0171		
200 R W E JONES BLVD GRAMBLING LA 00000				

Billing Period	No. Days	Mail Date
08/22/2000 TO 09/21/2000	30	09/26/2000

Bill History	KWH	Days	Amount
Last Month	3460	32	\$332.05
This Month	3528	34	
Last Year			

10175 1 AT 0.261 ***** 3-DIGIT 712

GRAMBLING UNIVERSITY/ALUMNI ASSOCIATION
PO BOX 25
GRAMBLING LA 71245-0025

0 306 010175 TU26 1 L

Keep this portion for your records

Meter Type	Meter Number	Meter Reading Present	Meter Reading Previous	Difference	Multiplier	Usage	Rate Code	Rider Code	Amount
KWH	850298	67120	63560	3760	1	3760	01	A2	
ENERGY CHARGE									400.18
FUEL ADJUSTMENT FACTOR									\$.0482700
FORMULA RATE PLAN REDUCTION									28.83CR
FUEL REALIGNMENT ADJUSTMENT									3760 KWH @ \$0.0005461
FUEL REALIGNMENT ADJUSTMENT									2.05
***** SECURITY LIGHTING BILLING *****									
RATE CODE	QUANTITY	FACILITY TYPE	KWH USAGE						
4SD	1	250W LAMP	106.0						
FUEL ADJUSTMENT FACTOR									\$.0482700
FORMULA RATE PLAN REDUCTION									1.49CR
FUEL REALIGNMENT ADJUSTMENT									106 KWH @ \$0.0005461
FUEL REALIGNMENT ADJUSTMENT									.06
CURRENT MONTHLY CHARGE									390.36
PREVIOUS BALANCE									44.95
THANK YOU FOR YOUR PAYMENT(S)									\$642.42

Handwritten: 43861

PLEASE ADD \$1.00 FOR HELPING HANDS

~~Amount Due on this date is being overruled after 8/26/00~~



Please detach and return with your check payable to Entergy

Our records show your telephone number is 318-274-2748. If your number or address has changed, check the box to the right and write the correction on the back.

Account Number QPC Office Cycle Route
2877598 202 010 19 13

GRAMBLING UNIVERSITY ALUMNI ASSOCIATION
PO BOX 25
GRAMBLING LA 71245-0025

Grambling State University
Accounting Office
Processed for Payment

Due date does not apply to any previous balance already past due

OCT 26 2000

PAY THIS AMOUNT	BY 09/26/2000	\$435.31 *
PAY THIS AMOUNT	AFTER 09/26/2000	\$454.83



ENTERGY
PO BOX 64001
NEW ORLEANS LA 70164-400159



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

August 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 Riverside North
Baton Rouge, Louisiana

Dear Dr. Kyle:

In response to the audit finding regarding Game Contracts Not Required for All Sporting Events, we concur that, in the past, contracts have not been required on non-revenue producing sports.

Response:

Effective immediately, we will prepare and forward contracts for all sports, for all 2000-2001 scheduled opponents. These contracts will identify and include the following:

1. Identify the sport involved.
2. Identify the location and time of the events.
3. Include a non-performance clause.
4. Require the signature of the coach and Athletic Director.
5. Include the signature of the contract officer for the University on any revenue-generating contracts.

Grambling State University will pursue a completion date of May 2001.

Sincerely,

Steve A. Favors
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

August 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 Riverside North
Baton Rouge, Louisiana

Dear Dr. Kyle:

In response to the audit finding regarding payroll deficiencies, we submit the following:

RESPONSE

We concur with your finding. Grambling State University has undertaken the following steps to address items noted during the audit:

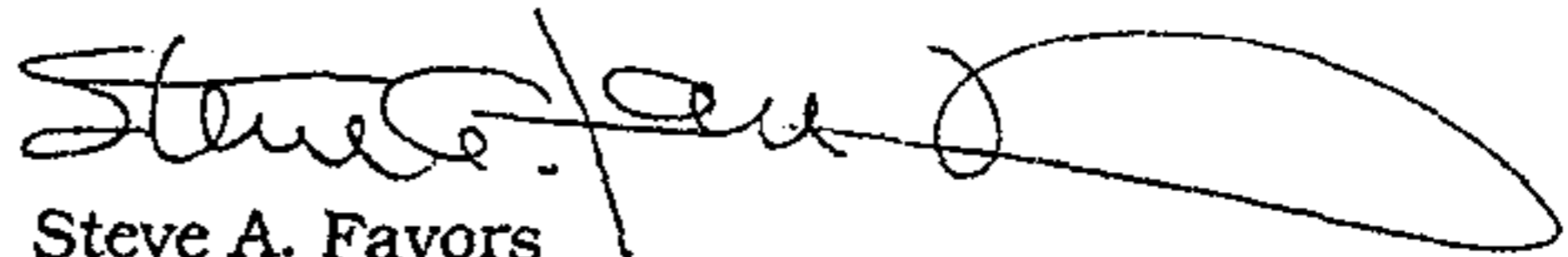
1. The Information Resource Center staff has reviewed and modified the accrual increment used in the leave program calculations and corrected the calculations on years of service as of Friday, August 25, 2000. The Software Modification Form, used to authorize such changes, is on file in the office of the Director of Information Resources.
2. The Office Coordinator/Leave Specialist will timely review all personnel changes submitted monthly to the University of Louisiana System office. This is an additional step that has been added to specifically ensure that conversions from 12 months to 9 months will be verified.
3. Written notification will be sent to all supervisors requiring that all time worked and leave taken is recorded timely on leave forms and timesheets during the appropriate reporting period. The Leave Specialist, with secondary assistance from other Human Resource personnel, will monitor this reporting.

4. The Human Resources Database Specialist will randomly review the leave history file to check for updated activity related to severance payments at termination. This review will assure that accumulated leave balances are appropriately adjusted for terminated employees. Any errors noted will be given to the Director of Human Resources.
5. Timesheets submitted will reflect the actual hours worked outside the stated job description for employees receiving Extra Services compensation. A memorandum from the Vice President for Finance will be sent to all unit supervisors informing them of this requirement.

A comprehensive action plan has been developed which identifies persons responsible for each task identified along with the target date for completion (see attachments).

We are confident these measures will resolve the issues identified and strengthen internal controls regarding leave reporting and extra services timekeeping.

Sincerely,



Steve A. Favours
President

Attachments



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

November 28, 2000

Dr. Daniel Kyle
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the audit finding regarding Ineffective Internal Audit Function, we concur.

Response:

The staff auditor's position was vacated in July 1999, when the prior Lead Staff Auditor exited the institution for other employment opportunities. The department was then manned by the Acting Director of Internal Audit and the secretary until September 1999, at which time, the Acting Director of Internal Audit was assigned the task of assisting the special financial team in reconstructing fiscal year 1999 financial statements. February 1, 2000, the Acting Director of Internal Audit was named the Interim Comptroller leaving the Internal Audit Department with a secretary. The Lead Staff Auditor 2 position was filled. The Internal Audit Director's position has been advertised; as of this date, we have not received any applications bearing the necessary credentials, i.e., Master's degree, certification either as a CPA or CIA or prior audit experience. The institution is aware of the need for the Office of the Internal Audit, and is committed to filling the vacancies with qualified, competent staff in the immediate future.

Sincerely,

Steve A. Favors
President