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**GRAMBLING STATE UNIVERSITY**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

Release Date 3-2-05

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

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

We have audited the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 2004. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **the University**. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of **the University's** component unit financial statements for the year ended June 30, 2004. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report dated February 2, 2005 contained an unqualified opinion on the general purpose financial statements.

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

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

Dr. Horace A. Judson, President  
**Grambling State University**  
Grambling, Louisiana 71245  
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In our opinion, the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University** presents fairly, in all material respects, the expenditures of federal awards for the year ended June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2004 on our consideration of the **University's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report disclosed instances of noncompliance that may be material to the Schedule of Expenditures of Federal Awards, but for which the ultimate resolution cannot presently be determined.

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

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

December 12, 2004

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Agency for International Development</u></b>			
<i>Awards from a Pass-Through Entity</i>			
Through: United Negro College Fund International Development Partnership	02.311232	-----	\$ 28,169
Through: United Negro College Fund International Development Partnership	02.31127	-----	<u>13,880</u>
<b>Total U.S. Agency for International Development</b>			<u>42,049</u>
<b><u>U.S. Department of Commerce</u></b>			
<i>Direct Awards</i>			
Economic Adjustment Assistance	11.307	N/A	29,584
Technology Opportunity Program	11.552	N/A	<u>224,331</u>
<b>Total U.S. Department of Commerce</b>			<u>253,915</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Defense</u></b>			
<i>Research and Development Cluster</i>			
<i>Awards From A Pass-Through Entity</i>			
<i>Through: U.S. Air Force</i>			
Basic, Applied and Advanced Research in Science and Engineering	12.630	AFOSR/PK1	\$ <u>122,020</u>
<b>Total U.S. Department of Defense</b>			<u>122,020</u>
<b><u>U.S. Department of Labor</u></b>			
<i>Direct Awards</i>			
Employment and Training Administration	17.249	N/A	<u>5,514</u>
<b>Total U.S. Department of Labor</b>			<u>5,514</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Aeronautics and Space Administration</u> <i>Awards from a Pass-Through Entity</i> Through: Clark Atlanta University High Performance Polymers	43.NCC3-1044	N/A	\$ <u>63,382</u>
<b>Total National Aeronautics and Space Administration</b>			<u>63,382</u>
<u>National Science Foundation</u> <i>Direct Awards</i> Education and Human Resources	47.076	N/A	<u>76,702</u>
<b>Total National Science Foundation</b>			<u>76,702</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Energy</u></b>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Fossil Energy Research and Development	81.089	N/A	\$ <u>53,339</u>
<b>Total U.S. Department of Energy</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct Awards</i>			
Housing Preservation Grant	10.433	N/A	60,340
Implementation Wildland Fire Management	10.04-PA-11083160-010	N/A	8,280
<i>Awards From A Pass-Through Entity</i>			
<u>Through: Edgenics</u>			
Multi-media On-Line E-Learning Services	10.311016-1512	-----	<u>12,561</u>
<b>Total U.S. Department of Agriculture</b>			
			<u>81,181</u>

The accompanying notes are an integral part of this Schedule.



**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Education</u></b>			
<i>Direct Awards</i>			
Higher Education - Institutional Aid	84.031	N/A	\$ 3,617,863
Fund for the Improvement of Post Secondary Education	84.116	N/A	331,432
Child Care Access Means Parents in School	84.335	N/A	<u>2,374</u>
<b>Sub-total</b>			<u>3,951,669</u>
<i>Trio Cluster</i>			
<i>Direct Awards</i>			
Student Support Service	84.042	N/A	374,724
Upward Bound	84.047	N/A	<u>590,518</u>
<b>Sub-total - Trio Cluster</b>			<u>965,242</u>
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	662,741
Federal Family Education Loans	84.032	N/A	24,715,005
Federal Work-Study Program	84.033	N/A	711,547
Federal Pell Grant Program	84.063	N/A	<u>9,808,861</u>
<b>Sub-total - Student Financial Assistance Cluster</b>			<u>35,898,154</u>
<b>Total U.S. Department of Education</b>			<u>40,815,065</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Direct Awards</i>			
Mental Health National Research Service Awards for Research Training	93.282	-----	\$ 250,150
National Center for Research Resources	93.389	-----	104,603
Biomedical Research and Research Training	93.859	-----	272,704
Biomedical Research and Research Training	93.859	-----	194,063
Biomedical Research and Research Training	93.859	-----	27,514
Rural Health Outreach and Rural Network Development Program	93.912	-----	174,773
Biomedical Research and Research Training	93.859	-----	3,856
<i>Awards from a Pass-through Entity</i>			
Through: National Youth Sports Corporation Community Services Block Grants- Discretionary Awards	93.570	98-261	88,930
<u>International Resource Group Limited</u> HIV/Aids Awareness and Risk Reduction Project	93.6FP4PA061197	IRG-1197	<u>20,282</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,136,875</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$42,650,042</u></b>

The accompanying notes are an integral part of this Schedule.

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

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**NOTE 1 - General:**

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

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

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

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

**The University** has an enrollment of approximately 4,673 students and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

**Grambling State University** is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the Department of Health and Human Services, the State of Louisiana and other agencies to assist in achieving a higher level of learning for its student body. Total direct federal and federal awards passed through other agencies amounted to more than \$42,650,042 for the fiscal year July 1, 2003 through June 30, 2004. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$35,898,154 and includes loans to students under the Federal Family Education Loan Program which totals (\$24,715,005).

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

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NOTE 1 - General, Continued:

Student Financial Aid

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

o Federal Perkins Loan Program

**The University** entered into an agreement to establish a NDSL program under the National Defense Education Act of 1958, which was transferred in 1972 to Title IV Part 674 of the Higher Education Act of 1965. Beginning with the 1987-88 award year, the NDSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. The records of the institution indicate that loans aggregating \$8,130,293 have been made to 9,267 students since the establishment of the program at the Institution. During the year ended June 30, 2003, **the University** notified the Department of Education of its intention to terminate the Federal Perkins Loan Program.

o Nursing Student Loan Program (NSL)

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

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

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NOTE 1 - General, Continued:

o Federal Work-Study Program (FWS)

**The University** established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2004, federal expenditures totaled \$711,547, of which \$34,101 was for administrative costs and \$677,446 for wages.

**The University** elected and received approval from the Department of Education to waive the institutional matching requirement for the Federal Work Study program's approved funding level for the fiscal year ended June 30, 2004. **The University** was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

o FSEOG Program

The FSEOG Program was established at **the University** in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2004, awards made from Federal funds aggregated \$631,182 and **the University** recorded indirect costs of \$31,559, which was allocated through Federal Work Study.

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

o Federal Pell Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal Pell Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$9,808,861 was expended for Federal Pell Grant awards to full-time and part-time students. **The University** received an administrative cost reimbursement of \$15,990.

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

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NOTE 1 - General, Continued:

o Federal Family Education Loan Program

The Federal Family Education Loan Program enables eligible undergraduate students to borrow directly from a bank or other lending institution. During the current year, approximately \$24,715,005 was disbursed to students under the Federal Family Education Loan Program. The Federal Family Education Loan Program's Cohort default rate is 9.9 percent.

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

NOTE 2 - Basis of Presentation and Accounting:

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

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

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

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of **Grambling State University** for the year ended June 30, 2004 which have been financed principally by the U. S. Government (federal awards). For purposes of the schedule, federal awards include all Federal assistance and procurement relationships entered into *directly between **the University** and the federal government* and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in net assets or the current fund's revenues, expenditures, and other changes of **the University**.

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

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

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

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

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

**The University** did not make any loans to students during the year ended June 30, 2004.

During the year ended June 30, 2003, **the University** notified the Department of Education of its intention to terminate the Federal Perkins Loan Program.

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

Analysis of Perkins Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 2004</u>	<u>For the Year Ended June 30, 2004</u>
Federal	\$3,737,084	\$-0-
University	<u>415,232</u>	<u>-0-</u>
Total	<u>\$4,152,316</u>	<u>\$-0-</u>



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

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

**Analysis of Perkins Loans Receivable**

	<u>Period from Inception to June 30, 2004</u>	<u>For the Year Ended June 30, 2004</u>
Balance, beginning of period/year	\$ -0-	\$1,978,211
Funds advanced/adjustments	<u>8,130,293</u>	<u>49,107</u>
 Total	 <u>8,130,293</u>	 <u>2,027,318</u>
 Less:		
Collections	3,656,611	58,754
Cancellations:		
Teaching service	728,395	5,947
Death	41,227	775
Bankruptcy	77,417	1,900
Military	705	120
Defaulted loan principal assigned to Federal Government	2,587,595	1,263,363
Other principal adjustments	<u>342,479</u>	<u>595</u>
 Total credits	 <u>7,434,429</u>	 <u>1,331,454</u>
 Balance, June 30, 2004	 \$ <u>695,864</u>	 \$ <u>695,864</u>

The total allowance for doubtful accounts totaled \$192,789 at June 30, 2004 for the Perkins Loan Program.

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

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

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

**The University** did not make any loans to students for the year ended June 30, 2004.

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

Analysis of Nursing Student Loan Contributions

<u>Funding Source</u>	Period from Inception to June 30, 2004	For the Year Ended June 30, 2004
Federal	\$318,176	\$-0-
University	<u>35,353</u>	<u>-0-</u>
Total	<u>\$353,529</u>	<u>\$-0-</u>

Analysis of Repayments

Funding Source

Federal	\$233,430	\$41,225
University	<u>-0-</u>	<u>-0-</u>
Total	<u>\$233,430</u>	<u>\$41,225</u>

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

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

Analysis of Nursing Student Loan Receivable

	Period from Inception to <u>June 30, 2004</u>	For the Year Ended June 30, <u>2004</u>
Balance, beginning of period/year	\$ -0-	\$107,986
Funds advanced/adjustments	<u>364,849</u>	<u>(3,092)</u>
Total	<u>364,849</u>	<u>104,894</u>
Less: Collections	266,432	16,094
Adjustments	24	(9,593)
Cancellations	<u>-0-</u>	<u>-0-</u>
Total credits	<u>266,456</u>	<u>6,501</u>
Balance, June 30, 2004	<u>\$ 98,393</u>	<u>\$ 98,393</u>

The total allowance for doubtful accounts totaled \$98,393 at June 30, 2004 for the Perkins Loan Program.

NOTE 4 - Department of Education Loan:

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

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

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

As of June 30, 2004, the outstanding loan balance is \$2,609,836. Payments totaling \$177,754 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

**NOTE 5 - Supplementary Financial Information:**

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

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

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

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

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

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

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NOTE 6 - Contingencies:

Participation in Grant Programs

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

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

NOTE 7 - Major Federal Financial Assistance Programs:

**Grambling State University** major federal financial assistance programs for the year ended June 30, 2004 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, the Workforce Investment Act Grant, the Research and Development Cluster, the Summer Food Service Program for children, the Temporary Assistance for Needy Families Grant, the Adult Education - State Grant Fund, and the Carl D. Perkins - Basic Grant.

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

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NOTE 8 - Private Grants:

**The University** expended \$361,138 for activities associated with private grants for the year ended June 30, 2004.

**SUPPLEMENTAL DATA**

**SCHEDULE I**

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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<u>Program Name/Title</u>	<u>Federal CFDA NO.</u>	<u>Loans Made or Disbursed During Year</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest Cancelled</u>
Federal Family Education Loan Program	84.032	<u>\$24,715,005</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$-0-</u>	<u>\$695,864</u>	N/A
Nursing Student Loan Program	93.364	<u>\$-0-</u>	<u>\$ 98,393</u>	N/A
College Housing and Other Facilities Loans	84.142	N/A	<u>\$861,000</u>	N/A
National Defense/ Perkins Loans Military and Teacher Cancellations for Loans Made: Prior to July 1, 1972	84.037	N/A	N/A	<u>\$3,203</u>
After July 1, 1972	84.037	N/A	N/A	<u>\$2,864</u>
Department of Education - Housing Act of 1950	N/A	N/A	<u>\$2,609,836</u>	N/A

See the Independent Auditors' Report on Supplementary Information.



**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FIXED PRICE CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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

- (1) Grambling State University did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 2004.

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF SECONDARY SUBRECIPIENTS  
OF MAJOR FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2004**

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<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of the Air Force- Research and Development Cluster	12.630	Synthesis/ Characterization of Polyimides Nonlinear Optic Behavior	<u>\$47,539</u>	Alabama A&M University
Total			<u>\$47,539</u>	

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE IV**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF STATE AGENCY/UNIVERSITY SUBRECIPIENTS  
FOR FEDERAL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2004**

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<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of Health and Human Services- National Institute of Health	R25GM51 773	Partnership for Minority Access to Baccalaureate Degrees	\$ 10,544	Louisiana State University
U.S. Department of Health and Human Services National Institute of Health	R25GM51 773	Partnership for Minority Access to Baccalaureate Degrees	49,418	Southern University & A&M College
U.S. Department of Health and Human Services National Institute of Health	R25GM51 773	Partnership for Minority Access to Baccalaureate Degrees	37,568	Southern University At Shreveport/ Bossier
U.S. Department of Energy		Nana - Particle Catalysts	10,025	Louisiana Tech
U.S. Department of State		NIS College and University Partnerships Program	<u>3,186</u>	Southern University At New Orleans
Total			<u>\$110,741</u>	

See the Independent Auditors' Report on Supplementary Information.

**SCHEDULE V**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF INTER-AGENCY EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR/ PROGRAM NAME</b>	<b>FEDERAL CFDA OR OTHER NUMBER</b>	<b>PRIMARY STATE AGENCY</b>	<b>CURRENT YEAR EXPENDITURES</b>
<b>U.S. Department of Labor- K-12 Accountability Rewards</b>	17.253	Louisiana Department of Education	\$ 4,178
<b>U.S. Department of Labor- Teacher Academic Preparation Center</b>	N/A	Southern University A&M College System	7,781

**SCHEDULE V**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF INTER-AGENCY EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

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<b>FEDERAL GRANTOR/ PROGRAM NAME</b>	<b>FEDERAL CFDA OR OTHER NUMBER</b>	<b>PRIMARY STATE AGENCY</b>	<b>CURRENT YEAR EXPENDITURES</b>
<b>U.S. Department of Labor- State School Improvement Fund</b>	N/A	State of Louisiana Department of Education	\$ 2,329
<b>U.S. Department of State- Anti Terrorism Training</b>	424ATA1917	Louisiana State University	76,457
<b>U.S. Department of Labor- TNT Quest</b>	N/A	Board of Regents	27,726

SCHEDULE V

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF INTER-AGENCY EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
<b>U.S. Department of Air Force</b> Bioeffect of Electromagnetics Nanopluses	F496200210136		Louisiana Tech University	\$ 14,538
<b>U.S. Department of Education</b> Adult Education - State Grants	84.002		Louisiana Dept. of Education	17,734
Carl D. Perkins - Basic Grant	84.048		Louisiana Community and Technical College System	39,894
<b>Department of Health and Human Services</b> Temporary Assistance for Needy Families	93.558		Louisiana Dept. of Education	167,789
Low Income Home Energy Assistance	93.568		Louisiana Dept. of Social Services	168,928
Characterization of Macromolecular Concentration in the Vitreous Humor	93.389		Louisiana State University	7,449

**SCHEDULE V**

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF INTER-AGENCY EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
<b>U.S. Department of Labor-</b> Workforce Investment Act/Youth Activities	17.259		Louisiana Department of Labor	\$ 63,129
<b>U.S. Department of Agriculture-</b> Summer Food Service Program for Children	10.559		Louisiana Department of Education	35,838
Summer Food Service Program for Children	10.559		Louisiana Department of Education	29,548
<b>U.S. Department of Energy</b> Structured Teacher Enhancement Program	EDU-72401-4		Louisiana Department of Education	19,998

SCHEDULE V

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF INTER-AGENCY EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
<b>National Science Foundation-</b>			
Tech/GSU Joint Faculty in Physics	LEQSF(2002-05)- RD-A-01	Louisiana Tech University	\$ 92,399
Micro/Nano Technologies:	LEQSF(2001-04)- R1122	Board of Regents	21,866
Microfabrication Research	47.049	Board of Regents	178,616
Mathematical and Physical Sciences Enhancement of Undergraduate Chemistry Laboratories at GSU	LEQSF(2002-03)- ENH-UG-19	Board of Regents	5,076
Graduate Recruitment for the Doctoral Program in Development Education	LEQSF(2002-05)- GF-01	Board of Regents	14,000
Dual Phase Lagging Heat Transport Equation Travel Grant for Emerging Faculty	LEQDF(2002-05)- RD-A-01 EPSCOR (TGEF)	Louisiana Tech University Board of Regents	13,055 <u>702</u>
Total			<u>\$1,009,030</u>





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Society of Louisiana  
Certified Public Accountants

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

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

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

We have audited the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 2004, and have issued our report thereon dated December 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The component unit financial statements were audited by the State of Louisiana Legislative Auditor whose report dated February 2, 2005, contained an unqualified opinion on the general purpose financial statements.

**Compliance**

As part of obtaining reasonable assurance about whether **the University's** Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

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

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(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, except for the functions performed at **the University's** Service Bureau in connection with processing transactions for the NDSL/Perkins program and Nursing Student Loan Program, we considered **the University's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting.

For the information system internal control categories at the Service Bureau, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of Campus Partners' present fairly, in all material respects, the aspects of Campus Partners' controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2004. The other accountants' report has been furnished to us as of our report issuance date in which an unqualified opinion was expressed regarding the previous noted controls.

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

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(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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

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

December 12, 2004



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Society of Louisiana  
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Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

**Compliance**

We have audited the compliance of **Grambling State University (the University)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The component unit financial statements were audited by the State of Louisiana Legislative Auditor whose report dated February 2, 2005 contained an unqualified opinion on the general purpose financial statements. **The University's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the University's** management. Our responsibility is to express an opinion on **the University's** compliance based on our audit.

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

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

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

In our opinion, **the University** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as audit findings 2004-01 through 2004-02.

Resolving the instances of noncompliance is the responsibility of the management of **the University**, and federal officials. The determination of whether the identified instance of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, no adjustments for any disallowance that may result have been made to the federal program amounts listed in the accompanying Schedule of Expenditures of Federal Awards.

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

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

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

**Internal Control Over Compliance**

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

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

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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

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

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

December 12, 2004

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

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

1. Type of report issued on the Schedule of Expenditures of Federal Awards: **Unqualified**
  
2. Did the audit disclose any reportable conditions in internal control: **No**
  
3. Were any of the reportable conditions material weaknesses: **No**
  
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **No**
  
5. Did the audit disclose any reportable conditions in internal control over major programs: **No**
  
6. Were any of the reportable conditions in internal control over major programs material weaknesses: **No**
  
7. Type of report issued on compliance for major programs: **Unqualified**
  
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **Yes**



**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

9. The following is an identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
10.559	Summer Food Service Program for Children
47.330614	Joint Facility in Physics
84.002	Adult Education - State Grant Fund
12.630	Synthesis/Characterization of Polymides/ Nonlinear Optic Behavior
84.007	Federal Supplemental Education Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.038	Federal Perkins Loan Program
84.048	Carl D. Perkins - Basic Grant
93.282	Mental Health National Research Service Awards for Research Training
93.558	Temporary Assistance for Needy Families
93.880	Minority Access to Research Careers
17.259	Workforce Investment Act Youth Activities

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

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

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

No.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

**SCHEDULE II - Financial Statement Findings**

No matters reported.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

**COMPLIANCE**

**Audit Finding Reference Number**

2004-01 - Aid Exceeded Documented Need

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.032 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2004

**Federal Agency**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

OMB Circular A-133 Compliance Supplement, Part 5, Section 3 E (Eligibility) specifies that the annual award should be calculated based upon certain factors and coordinated among all programs to ensure that the total aid is not awarded in excess of the student's financial need.

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

2004 - 01 - Aid Exceeded Documented Need, Continued

**Condition and Perspective**

During our audit we noted that three (3) students out of seventy (70) tested received financial aid in excess of their documented need.

**Cause**

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

**Questioned Costs**

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

	<u>Amount</u>
Federal Family Education Loan Program	<u>\$7,530</u>

**Effect**

The failure of **the University** to properly calculate the students cost of attendance and consider all available resources resulted in the overawarding of financial aid.

**Recommendation**

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

**GRAMBLING STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number**

2004-02 - Satisfactory Academy Progress

**Federal Program and Specific Federal Award Identification**

**CFDA TITLE AND NUMBER**

CFDA 84.007 - Federal Supplemental Educational Opportunity Grant

CFDA 84.033 - Federal Work-Study Program

CFDA 84.063 - Federal Pell Grant Program

CFDA 84.268 - Federal Family Education Loan Program (FFEL)

**Federal Award Year**

June 30, 2004

**Federal Agencies**

Department of Education

**Pass-Through Entity**

Not applicable

**Criteria**

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

**GRAMBLING STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

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

**COMPLIANCE, CONTINUED**

**Audit Finding Reference Number, Continued**

2004-02 - Satisfactory Academy Progress, Continued

**Conditions and Perspective**

During our audit, we noted that **the University's** Satisfactory Academic Progress (SAP) policy did not include certain standards as prescribed by Title IV regulations. During our review of **the University's** satisfactory academic progress policy, we noted that the policy does not judge academic progress on a cumulative basis.

**Cause**

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

**Questioned Costs**

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

**Effect**

**The University's** SAP policy is not in compliance with Title IV regulations.

**Recommendation**

We recommend that management of **the University** take immediate steps to revise the SAP policy.

## **GRAMBLING STATE UNIVERSITY**

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### **EXIT CONFERENCE**

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

### **GRAMBLING STATE UNIVERSITY**

Dr. Horace A. Judson	--	President
Mr. Billy R. Owens, CPA	--	Vice-President of Finance
Mr. Norman Jones	--	Associate Vice-President of Finance/Controller
Ms. Moroline Washington	--	Assistant Controller/Director of Grants Administration
Ms. Alvina Thomas	--	Financial Aid Director
Ms. Anne Rugege	--	Assistant Financial Aid Director
Mr. Robert Dixon	--	Provost/Vice-President of Academic Affairs
Mr. Ernest Pickens	--	Vice-President of Student Affairs/ Enrollment Management
Mr. Richard Thompson	--	Director of Internal Audit, University of Louisiana System
Mr. Dwayne Parker	--	Chair of Audit Committee, University of Louisiana System

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

Mr. Michael B. Bruno, CPA, CGFM	--	Managing Partner
Mr. Sean Bruno, CPA	--	Manager
Mr. Eric Griffin	--	Senior
Mr. Michael Boudreaux	--	In-Charge Accountant
Mr. Sheldon Bruno	--	Staff

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

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

---

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

**License Number:** L 1218

**Telephone Number:** (504) 284-8733

The audit field work was performed between August 23, 2004 and December 3, 2004 at the institution's facilities as follows:

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

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

The institution utilizes a SFA Servicer.

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

The following functions are provided by this SFA Servicer:

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

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

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

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





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Society of Louisiana  
Certified Public Accountants

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Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

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

We have audited the schedule of expenditures of federal awards (**the Schedule**) of the **Grambling State University (the University)** for the year ended June 30, 2004, and have issued our report thereon dated December 12, 2004.

In planning and performing our audit of **the Schedule**, we considered the organization's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on **the Schedule** and not to provide assurance on the internal control. Also, in accordance with OMB Circular A-133, we performed procedures to obtain an understanding of internal control over federal programs to support a low assessed level of control risk for major programs. During our audit, we became aware of certain matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Additionally, as a result of performing compliance testing our major programs, we noted certain conditions that are not audit findings as specified by OMB Circular A-133, section 510.

This letter does not affect our report dated December 12, 2004 on **the Schedule** of Federal Expenditures of **the University**.

This report is intended solely for the information and use of the President, management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

**GRAMBLING STATE UNIVERSITY  
MANAGEMENT LETTER COMMENTS**

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**1. RETURN OF TITLE IV FUNDS**

Condition

We noted the following instances during our testing of the nineteen (19) students in the Return of Title IV funds calculations:

- Four (4) students whose Return of Title IV funds were not returned by **the University** within the thirty (30) days of **the University's** determination of the student's withdrawal;
- Three (3) students who had a grant overpayment but **the University** did not notify the student of the grant overpayment within the **thirty (30) days of the University's** determination of the student's withdrawal date;
- Four (4) students who had a grant overpayment but **the University** did not provide documentation that the funds were return to the Department of Education; and
- One (1) student who withdrew on or before the sixty percent (60%) point of enrollment and received Title IV aid but did not initially have a Return of Title IV funds calculation on file. As a result of the audit process, **the University** subsequently prepared the calculation.

Recommendation

We recommend that **the University** adhere to the prescribed federal regulations regarding Return of Title IV fund calculation.

**GRAMBLING STATE UNIVERSITY**  
**MANAGEMENT LETTER COMMENTS, CONTINUED**

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We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel of **the University**, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

December 12, 2004



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

February 10, 2005

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

Dear Mr. Bruno:

**RE: Audit Finding Reference Number: 2004 -01- Aid Exceeded Documented Need**

Management concurs with the finding that three (3) students of 70 tested received financial aid in excess of their documented need. Two of the three students received stipend payments that were not reported to the Student Financial Aid Office and one student's summer cost of attendance budget was not calculated correctly thereby creating an over-award.

The Payroll and Accounts Payable Offices will refer all wage and stipend payment requests to the Student Financial Aid Office for approval. The Student Financial Aid Office will continue to conduct self-audits and review the monthly over-award reports generated from the SCT Banner system to identify and resolve any over-awards.

Ms. Alvina Thomas, Director of Student Financial Aid and Scholarships, and Ms. Sharon Reed, Assistant Director, will continue to work together to ensure that students' financial aid do not exceed their documented need.

Sincerely,

A handwritten signature in cursive script that reads "Horace A. Judson".

Horace A. Judson  
President



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

February 10, 2005

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

Dear Mr. Bruno:

**RE: Audit Finding Reference Number: 2004-02- Satisfactory Academic Progress**

Management does not concur with the finding that the satisfactory academic progress policy does not judge satisfactory academic progress on a cumulative basis. The university's policy evaluates students based on their cumulative hours attempted.

The university's last Department of Education Program Review included a review of the satisfactory academic progress policy. There was no mention in the report or verbal warnings that the policy was not in compliance with the federal regulations. However, we will review our satisfactory academic progress policy to determine whether additional changes should be made.

Management is committed to ensuring that federal policies are maintained when administering financial aid. The contact person for this process is Alvina Thomas, Director of Student Financial Aid and Scholarships.

Sincerely,

A handwritten signature in cursive script that reads "Horace A. Judson".

Horace A. Judson  
President



# Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

February 10, 2005

(318) 274-6117

FAX: (318) 274-6172

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

Dear Mr. Bruno:

**RE: Management Comments-Title IV Refunds**

- Four (4) students whose Return of Title IV funds were not returned by the university within the thirty (30) days of the university's determination of the students' withdrawal;
- Three (3) students had grant overpayments but the university did not notify the students of the grant overpayments within the thirty (30) days of the university's determination of the students' withdrawal date;
- Four (4) students had grant overpayments but the university did not provide documentation that the funds were returned to the Department of Education.

Management concurs with the above comments that the university did not adhere to federal regulations regarding Title IV refunds for four (4) students of nineteen (19) tested. The university will review all Title IV refund calculations to make sure all funds have been submitted to the Department of Education and lending agencies for FY 04. In addition, we will create a status code in Banner that will allow us to generate Title IV refund reports. This report will provide information on monies to be returned to the Department of Education and lending agencies. The Assistant Director, Sharon Reed, will be the contact person.

- One (1) student withdrew on or before the sixty percent (60%) point of enrollment and received Title IV aid but did not initially have a Return of Title IV funds calculation on file. As a result of the audit process, the university subsequently prepared the calculation.

The Return of Title IV calculation was completed; however, it was determined, after meeting with the Registrar's Office, that a different withdrawal date had been used to complete the Title IV calculation. Student Financial Aid, Student Accounts, and the Registrar's Offices will work together to ensure that we adhere to the federal Return of Title IV regulations.

Sincerely,

A handwritten signature in cursive script that reads "Horace A. Judson".

Horace A. Judson  
President

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Grambling State University

For the Year Ended June 30, 2004

Finding Title: **Aid Exceeded Documented Need**

Reference Number(s): **F-02-ED-GSU-8**  
(from attached schedule of findings, may include more than one)

Initial Year of Finding: **2002**

Amount of Questioned Costs in Finding: **\$ 2875**

Status of Questioned Costs (check one): Resolved \_\_\_\_\_ Unresolved: **x**  
Briefly describe the status of the Questioned Costs. Were they refunded to federal government?  
Are they still in negotiation?  
**Waiting for final determination letter from DOE.**

Page Number (from Single Audit Report): **110**

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


Federal Grantor Agency: U.S. Department of Education

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

Status of Finding (check one):  
Fully Corrected \_\_\_\_\_ Not Corrected \_\_\_\_\_  
Partially Corrected **x** \_\_\_\_\_ No Further Action Needed \_\_\_\_\_  
Change of Corrective Action \_\_\_\_\_ (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):  
Continue to generate and review over-award reports bi-weekly.  
The Assistant Director will reduce any over-awards accordingly. The finding will be  
corrected once we receive our final determination letter from the DOE.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Preparer's Signature: *Alvina Thomas*   
Phone Number: 318-274-6190

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Grambling State University

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For the Year Ended June 30, 2004

Finding Title: **Satisfactory Academic Progress**

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Reference Number(s): **F-02-ED-GSU-12**  
(from attached schedule of findings, may include more than one)

Initial Year of Finding: **2002**

Amount of Questioned Costs in Finding: **\$ 7475**

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

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

**Waiting for final determination from DOE.**

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Page Number (from Single Audit Report): **113**

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

Federal Grantor Agency: **U. S. Department of Education**

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

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<u>  <b>x</b>  </u>	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

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

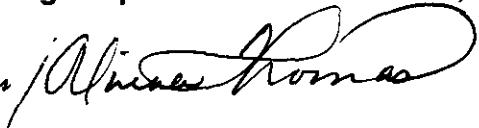
The will continue to seek assistance from the Registrar's Office when reviewing academic  
Transcripts from quarter-hour schools in order to determine satisfactory academic progress.  
The finding will be fully corrected once we receive the final determination letter from the DOE.

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

Preparer's Signature: *Alvina Thomas* 

Phone Number: 318-274-6190



**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Grambling State University

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For the Year Ended June 30, 2004

Finding Title: **Federal Financial Reports/Cash Management**

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Reference Number(s): **F-03-ED-GSU-1**

*(from attached schedule of findings, may include more than one)*

Initial Year of Finding: **2003**

Amount of Questioned Costs in Finding: **\$ 0**

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

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?

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Page Number (from Single Audit Report): **83**

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

Federal Grantor Agency: **U. S. Department of Education**

CFDA Number(s): 84.033

Status of Finding (check one):

Fully Corrected

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

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

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

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

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

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

The Grants Administration Office and The Office of Financial Aid and Scholarships will continue to reconcile the Federal Work Study Program expenditures prior to drawdown requests from the federal government.

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NOTE: Preparer's Signature: **Moroline Sanders Washington** *Moroline Sanders Washington*

Phone Number: 318-274-2704