

GRAMBLING STATE UNIVERSITY

FEDERAL GRANTS
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1997

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

**Bruno
& Tervalon**

CPA FIRM PUBLIC ACCOUNTANTS

Release Date: **DEC 10 1997**

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

Dr. Leonard L. Haynes, III
Acting President
Grambling State University
Grambling, Louisiana 71240

We have audited the accompanying Schedule of Expenditures of Federal Awards of Grambling State University for the year ended June 30, 1997. The Schedule of Expenditures of Federal Awards is the responsibility of the management of Grambling State 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, 1997. The component unit financial statements were audited by other independent auditors whose report has not been issued as of our report date.

We conducted our audit in accordance with generally accepted auditing standards, GAO 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 is 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. Leonard L. Haynes, III
Acting 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, 1997 in conformity with generally accepted accounting principles.

As discussed in NOTE 4, Grambling State University has failed to comply with certain contractual and programmatic requirements with regard to its expenditures of federal awards during the year ended June 30, 1997 and in previous years. The determination of whether the identified instances of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, the Schedule of Expenditures of Federal Awards does not include any adjustments for these matters.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 1997 on our consideration of Grambling State University's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

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

Dr. Leonard L. Haynes, III
Acting President
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Grambling, Louisiana 71240
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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 purposes of additional analyses 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

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 1997

OSWEGO STATE UNIVERSITY
 SCHEDULE OF DISBURSEMENTS OF FEDERAL AMOUNTS
 FOR THE YEAR ENDED JUNE 30, 1997

	AWARD PERIOD	FEDERAL SERIAL NO.	OTHER IDENTIFYING NUMBER	AMOUNT
U. S. DEPARTMENT OF EDUCATION				
Direct Awards:				
Title III	10/01/96-06/30/97	84-0318	---	\$ 2,698,062
Federal Perkins Loan Cancellations	07/01/96-06/30/97	84-0307	---	5,335
Special Services-Project Rescue	07/01/96-06/30/97	84-0326	---	184,892
Upward Bound Minority Science Improvement Program	07/01/96-06/30/97	84-0328	---	480,487
				379,283
Student Financial Aid Program-Subgrant:				
Federal Supplemental Educational Opportunity Grant Program	07/01/96-06/30/97	84-887	---	204,176
Federal Family Education Loan Program	07/01/96-06/30/97	84-832	---	25,925,378
Federal Work-Study	07/01/96-06/30/97	84-833	---	638,864
Federal Perkins Loan Program	07/01/96-06/30/97	84-836	---	7,894
Federal Pell Grant Program	07/01/96-06/30/97	84-863	---	3,056,432
Total U.S. Department of Education				42,384,620

The accompanying notes are an integral part of this Schedule.

GRANDBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1997

	<u>AWARD PERIOD</u>	<u>FEDERAL CFDA NO.</u>	<u>OTHER IDENTIFYING NUMBER</u>	<u>AMOUNT</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Awards:				
Multi-Phase/Injury, Multi-Institution Gerontology Program	03/01/94-06/30/95	93-008	---	\$ 13,043
Child Welfare Training Grant	05/30/95-09/30/97	93-008	---	(4,190)
Partnership for Minority Access to Baccalaureate 2005 Program at Grandbling State	05/30/98-09/30/97	--	20390051773-02	48,047
ACADEM-RTROP	05/30/98-08/31/97	--	00140000813-08	170,000
RTOP-COE Undergraduate Research	04/01/98-03/31/97	93-273	---	37,500
	05/30/98-08/30/97	93-282	---	200,000
Research and Development Grants:				
Cytogenetic Effects of Alcohol on a Human Chromosome	08/01/94-07/31/97	93-273	--	18,493
CO Research Infrastructure Program	04/01/97-08/31/99	--	14130000813-01	24,222
Total U.S. Department of Health and Human Services				<u>\$10,001</u>

The accompanying notes are an integral part of this schedule.

STANFORD STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 1997

	<u>AWARD NUMBER</u>	<u>FEDERAL CFDA NO.</u>	<u>OTHER IDENTIFYING NUMBER</u>	<u>ACTIVITY</u>
U.S. DEPARTMENT OF INTERIOR				
DIRECT AWARDS:				
National Fishing Week	09/19/97-09/28/97	15-809	---	\$ 332
Research and Development Cluster:				
Grainley Cooperative				
Wildlife Project-Memmi				
Wetlands Central	10/01/96-09/30/97	15-831	---	17,888
Total U.S. Department of Interior				
U.S. DEPARTMENT OF THE NAVY				
DIRECT AWARDS:				
Institute of Science for the Benefit of Graduate Students	09/30/96-09/28/97	---	N00014-84-1-1183	403,862
Total U.S. Department of the Navy				
				403,862

The accompanying notes are an integral part of this schedule.

GEORGE STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 1997

AWARD NUMBER	AWARD PERIOD	FEDERAL CFDA NO.	OTHER IDENTIFYING NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY				
Research and Development Cluster:				
Coal Beneficiation Process				
on Biolog/Activation				
of Coal-Water Slurries				
	10/01/96-09/30/97	--	DE-F622-92 RT92049	\$ (1,679)
Awards from a Pass-Through Entity				
Through: Bardar University				
of LA.				
Research and Development Cluster:				
Investigation of Syngas				
Interactions in Alcohol				
Catalysis				
	07/01/96-06/30/97	--	DE-F622-93 RT93010	\$9,288
	10/01/96-09/30/99	--	DE-F622-94 RT94029	3,322
Total U.S. Department of Energy				
----- 10,922				
National Science Foundation				
Director Awards:				
Research Careers for				
Minority Scholars in				
Classical Physics				
	09/01/96-03/31/97	----	000-6017835	----- (7,281)
Total National Science Foundation				
----- (7,281)				

The accompanying notes are an integral part of this schedule.

GRANDE VALLE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1997

U.S. INFORMATION SOURCE	AWARD PERIOD	FEDERAL CFDA NO.	OTHER IDENTIFYING NUMBER	ACTIVITY
U.S. INFORMATION SOURCE Direct Awards University Affiliation with Malaysia	09/01/96-09/31/97	85-001	---	9 _____ 3,658
Total U.S. Information Agency				_____ 3,658
U.S. DEPARTMENT OF THE ARMY Direct Awards: U.S. Army Rome Cadet Command	09/18/96-09/31/97	---	DAAR0-96 7-9430	47,187
Research and Development Contract: parallel and distributed Evaluation, Simulation and Research to Advanced distributed Interactive Simulation Technology	09/29/96-09/30/97	---	DAAR04-97 1-9250	_____ 3,459,344
Total U.S. Department of the Army				_____ 3,506,531

The accompanying notes are an integral part of this schedule.

GRANSLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL MONIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1987

	AWARD PERIOD	FEDERAL GRANT NO.	ORDER IDENTIFYING NUMBER	AMOUNT
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Research and Development Studies: Polymers for Membrane Separators	10/08/86-10/28/87	---	NCC3-612	\$ 47,800
Awards from a Pass-Through Entity Through Howard University NASA ESO Academic and Research Consortium	06/01/87-05/31/88	---	NCC-8197	15,300
Total National Aeronautics and Space Administration				63,100
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Award: WY-800	01/01/86-12/31/87	---	H-84-88-LA	6,000
Total U.S. Department of Housing and Urban Development				6,000
TOTAL FEDERAL EXPENDITURES				\$69,100.00

The accompanying notes are an integral part of this schedule.

GRAMBLING STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - General:

Grambling State University (GSU) located in Grambling, Louisiana is an institution of higher education founded in 1891.

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

- College of Business;
- College of Education;
- School of Social Work;
- School of Nursing;
- Division of Graduate Studies;
- Division of Academic Support Services;
- College of Science Technology; and
- College of Liberal Arts.

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

The University has an enrollment of approximately 6,172 students during the Spring 1997 and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education.

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs administered by the Grambling State University. All expenditures of federal awards received directly from federal agencies and pass-through entities are included on the schedule. Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current funds revenues, expenditures, and other changes of the University.

Annually, the State of Louisiana issues a schedule of Expenditures of Federal Awards which includes the activity contained in the accompanying schedule of expenditures of federal awards.

GRAMBLING STATE UNIVERSITY

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - General, Continued:

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 and inter-agency Federal flow-through expenditures amounted to more than \$46,088,180 and \$284,018, respectively for the fiscal year July 1, 1986 through June 30, 1997. Included in this amount is funding for the Student Financial Aid Program Cluster which amounts to \$40,114,027. During the fiscal year July 1, 1986 through June 30, 1997, students that attended Grambling State University received \$29,825,378 in loans under the Federal Family Education Loan Program.

Student Financial Aid

Grambling State University was approved during January, 1988 by the then Office of Education for participation in the Student Financial Aid Programs. These programs include the National Direct Student Loan Program or Perkins Program (NDSL), Federal Work Study Program (FWS), Federal Supplemental Education Opportunity Grant Program (FSEOG), Federal Pell Grant (formerly Basic Educational Opportunity Grant Program) 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 Perkins Loan Program (formerly NDSL)

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 474 of the Higher Education Act of 1965. Beginning with the 1967-68 award year, the NDSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. The records of the institution indicate that loans aggregating \$7,530,853 have been made to 8,420 students since the establishment of the program at the institution.

GRAMBLING STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

NOTE 1 - General, Continued:

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 \$210,000 have been made to students. On July 26, 1994, the University received a notice from the Department of Health and Human Services that the university's participation in the Nursing Student loan program was terminated due to the high default rate.

o Federal Work-Study Program

The University established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 1997, federal expenditures totaled \$830,864, of which \$39,908 was for administrative costs and \$790,956 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, 1997. 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, 1996, awards made from Federal funds aggregated \$200,160 and the University recorded indirect costs of \$14,000.

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

GRAMBLING STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

NOTE 1 - General, continued:

o **Federal Pell Grant Program**

The Institution entered into an agreement with the Office of Education to participate in the Federal Pell Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$8,058,409 was expended for Federal Pell grant awards to full-time and part-time students. The University received an administrative cost reimbursement of \$33,888.

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 \$39,935,378 was disbursed to students under the Federal Family Education Loan program. The Federal Family Education Loan Program's Cohort default rate exceeds twenty (20) percent. As such, the University has developed and implemented a Default Management Plan to reduce the default rate among students.

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

NOTE 2 - Basis of Presentation and Accounting:

The accompanying schedule of Expenditures of Federal Awards has been prepared in the format as set forth in OMB Circular A-133 and the related Compliance Supplement.

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

NOTE 2 - Basis of Presentation and Accounting, Continued:

The purpose of the schedule of Expenditures of Federal Awards is to present a summary of those activities of Grambling State University for the year ended June 30, 1997 which have been financed principally by the U. S. Government (Federal awards). For purposes of the schedule, Federal awards include all Federal assistance and procurement relationships entered into directly between the University and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures, and other changes of the University.

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 these estimates.

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

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

The University made loans to students of \$151,879 for the year ended June 30, 1997 using reprogrammed funds. The Program is financed by contributions from the Department of Education which are matched, at a ratio of one-to-three, by contributions from the University. However, the University will not receive federal capital contributions since the University's default rate exceeds

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

**NOTE 3 - Program Organization and Financing-(Perkins and
Serving Student Loan Programs)-Continued_____:**

224. Strategies specified in the Default Management Plan will be implemented for the Federal Perkins Loan program in order to lower the default rate. In addition, the University will implement the following strategies:

- Process the monthly Activity Reports in an aggressive manner from the billing agency, EduServ, in identifying borrowers who are more than 30 days delinquent. Borrowers whose accounts are seriously delinquent will be submitted to the State Attorney General's (AG) Office for collection.
- Implement a signed contract with another collection agency to collect on accounts that have been returned from the AG's Office.

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

Analysis of Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 1997</u>	<u>For the Year Ended June 30, 1997</u>
Federal	\$3,737,084	\$-0-
University	—415,232	50c
Total	\$4,152,316	\$-0-

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

NOTE 3 - Program Organization and Financing-(Perkins and
Marketing Student Loan Programs). Continued

Analysis of Loans Receivable

	Period from Inception to June 30, 1997	For the Year Ended June 30, 1997
Balance, beginning of period/year	\$ -0-	\$1,958,165
Funds advanced	1,812,855	181,828
Total	2,821,855	2,169,993
Less:		
Collections	3,064,798	160,988
Cancellations:		
Teaching service death	682,371	2,623
Bankruptcy	71,882	1,786
Military	228	-0-
Defaulted loan principal assigned to Federal Government	1,318,672	-0-
Rejected payments other principal adjustments	7,388	283
Total credits	5,821,941	166,110
Balance, June 30, 1997	\$1,828,214	\$1,828,214

GRAMBLING STATE UNIVERSITY

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

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

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

The University did not make any loans to students for the year ended June 30, 1997.

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 previous year 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 and loans receivable are as follows:

Analysis of Contributions

	Period from Inception to June 30, 1997	For the Year Ended June 30, 1997
<u>Funding Source</u>		
Federal	\$318,176	\$-0-
University	23,382	-0-
Total	\$341,558	\$000

Analysis of Loans Receivable

	Period from Inception to June 30, 1997	For the Year Ended June 30, 1997
Balance, beginning of period/year	\$ -0-	\$345,877
Funds advanced	367,841	-000
Total	367,841	345,877
Less: collections	(148,380)	(120,320)
Balance, June 30, 1997	\$219,461	\$225,557

GRAMBLING STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

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 1958. 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 \$68,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 1997, the outstanding loan balance is \$3,330,811. Payments totaling \$78,965 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 Inter-Agency Federal Flow-Through Funds Federal Assistance summarizes expenditures financed by the State of Louisiana with funds received from the federal government.

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, College Housing Facilities Loans, the Perkins Loan, the NGL 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 Changes in Fund Balance for the Perkins Loan Program summarizes the activity relative to the Program for the year ended June 30, 1997.

The Schedule of Changes in Fund Balance for the Nursing Student Loan Program summarizes the activity relative to the Program for the year ended June 30, 1997.

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

NOTE 5 - Supplementary Financial Information, Continued:

The schedule of Other Expenditures and Disbursements sets forth the program expenditures and disbursements funded by the State of Louisiana and private sources.

NOTE 6 - Contingencies:

Participation in Grant Programs

The University administers and participates in certain Federal and state programs as disclosed in the schedule of Federal Financial Assistance. 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 audits disclosed certain items or transactions as findings. The accompanying Schedule of Federal Financial Assistance has not been adjusted for questioned costs that could result from these items. The ultimate resolution or determination as to whether the costs will be allowable or unallowable under the affected grants will be made by the various funding sources.

During the year ended June 30, 1997, the U.S. Department of Education issued a determination with regard to the year ended June 30, 1995 and a program review report for the years ended June 30, 1996 and 1997 that required the University to review its adherence to certain laws and regulations pertinent to student financial aid. The Internal Audit Department of the University was assigned the responsibility to perform the review. As a result, it was determined by the Internal Auditor that approximately \$213,300 and \$481,800 of financial aid had been possibly disbursed to ineligible students for the years ended June 30, 1995 and 1996-1997, respectively.

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

NOTE 6 - Contingencies, Continued:

Participation in Grant Programs, Continued

The ultimate resolution or determination as to whether the costs will be allocable or unallowable under the affected grants will be made by the Department of Education. As such, the accompanying Schedule of Expenditures of Federal Awards has not been adjusted for the effects of the findings.

NOTE 7 - Major Federal Financial Assistance Programs:

Grambling State University major federal financial assistance programs for the year ended June 30, 1997 were determined on a state level based upon program activity. Such programs are the Student Financial Assistance and Research and Development Centers.

SUPPLEMENTARY DATA

SCHEDULE I

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY FEDERAL FLOW-THROUGH FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

<u>PROGRAM NAME</u>	<u>AGENCY FUNDING</u>	<u>ACTIVITY</u>
CAF-CAMP/HRP-Cooperative Agreement Department of Public Safety & Corrections- Resource Training Center	07/01/96-12/31/97	\$ 43,383
LA Recreating and Training-Special Education Center for Training applications	10/31/96-06/30/97	889
High Energy Ion Beam-Univ. of southwest LA operas Acad-0026	08/31/96-07/31/97	9,416
FRSP-0026	08/01/96-06/30/97	155,436
Anti-Terrorism Training-Louisiana State Univ.	09/30/96-12/31/97	29,083
Partnership for Minority Access to Research-LSU	06/01/97-08/31/97	39,761
Health Careers Opportunity Program-Louisiana state Univ.	06/03/97-07/09/97	51,693
CAF CURE Multiregional Infrastructure-Louisiana Tech	12/31/96-04/30/97	4,886
	07/01/96-06/30/97	27,152
	07/01/96-06/30/97	18,479
		<u>8,122</u>
TOTAL INTER-AGENCY FEDERAL FLOW-THROUGH FUNDS		\$286,619

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE II**GRAMBLING STATE UNIVERSITY**

SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 1997

Program Name/Title	Federal CFRS No.	Loans Made or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
Federal Family Education Loan Program	84.812	\$22,822,172	N/A	N/A
Perkins Loan Program	84.810	\$151,872	\$1,222,214	N/A
Nursing Student Loan Program	90.364	\$_____00	\$_____261	N/A
College Housing and other Facilities Loans	84.142	N/A	\$2,272,002	N/A
National Defense/ Perkins Loans Military and Teacher Cancellations for Loans Made:				
Prior to July 1,				
1972	84.037	N/A	N/A	\$-0-
After July 1,				
1972	84.037	N/A	N/A	\$2,366
Department of Education - Housing Act of 1980	8F	N/A	\$1,233,811	N/A

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

GRAMBLING STATE UNIVERSITY
FINANCIAL AID PROGRAM
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1997

Additions:	
Accrued interest and interest collected on loans	\$ 69,463
Interest on defaulted loans and loans cancelled	936
Interest earned on investments	-0-
Interest adjustment	-0-
Reimbursement of amounts cancelled	7,396
Adjustment to provision for doubtful accounts	-0-
Other income	<u>12,222</u>
Total additions	<u>\$2,677</u>
Deductions:	
Loans principal and interest cancelled:	
Death	-0-
Teacher service	1,966
Bankruptcy	1,369
Administrative	7,694
Other collection costs	<u>1,620</u>
Total Deductions	<u>12,649</u>
Net increase for year	61,913
Fund balance, beginning of year	1,090,184
Fund balance, end of year	<u>\$1,152,097</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III**GRAMBLING STATE UNIVERSITY
SCHEDULE OF FIXED PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 1997**

<u>Program Name</u>	<u>CEIS No.</u>	<u>Grantor</u>	<u>Period</u>	<u>Revenues</u>
(1)	(2)	(3)	(4)	(5)

(1) Grambling State University did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 1997.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE V

GRAMBLING STATE UNIVERSITY
FINANCING STUDENT LOAN PROGRAM
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1997

Additions:	
Interest collected on loans	\$ 1,948
Other income	<u>358</u>
Total additions	<u>2,306</u>
Deductions:	
Other costs and losses	<u>-0-</u>
Total adjustments	<u>-0-</u>
Net increase for year	2,306
Fund balance, beginning of year	264,242
Fund balance, end of year	<u>266,548</u>

See the Independent Auditors' Report on Supplementary Information.

EMORY STATE UNIVERSITY
SCHEDULE OF OTHER EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1987

<u>PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>AWARD PERIOD</u>	<u>EXPENDITURES</u>
<u>OTHER EXPENDITURES:</u>			
National Youth Sports Program- Arch and Science-NSAA	8/A	06/08/87-07/31/87	\$ 37
National Youth Sports Program- Summer Program-NSAA	8/A	07/01/86-07/31/87	98,327
Academic Enhancement-NSAA	8/A	07/01/86-06/30/86	68,319
President's Scholarship Program	8/A	07/01/86-06/30/87	72,812
Academic Enhancement Program	8/A	07/01/86-06/30/87	227,611
Capitation Grant-Making Education	8/A	07/01/86-06/30/87	(3,412)
1986-Graduate Recruitment	8/A	09/29/86-06/30/87	34,000
The Bible as Literary Tradition	8/A	12/08/86-06/30/87	5,607
Louisiana Movement for Humanities	8/A	07/01/86-06/30/87	283,719
Art 971-Fellowship	8/A	07/01/86-06/30/87	1,888,125
Restricted Agency Accounts	8/A	07/01/86-06/30/87	1,194,929
Dissemination-Current Events			
Distance Learning-Instructional			
Interaction-Board of reports			
LA Department of Research	8/A	07/01/86-06/30/87	68,260
Development-State of Louisiana	8/A	07/01/86-06/30/87	16,170
Other private grants, scholarships, etc.	8/A	07/01/86-06/30/87	23,671
TOTAL OTHER EXPENDITURES			91,287,102

see the independent auditors' report on supplementary information.

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

Dr. Leonard L. Haynes, III
Acting President
Grambling State University
Grambling, Louisiana

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, 1997, and have issued our report thereon dated October 23, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The component unit financial statements were audited by other independent auditors whose report has not been issued as of our report date. As discussed in NOTE 6, Grambling State University has failed to comply with certain contractual and programmatic requirements with regard to its expenditures of federal awards during the year ended June 30, 1997 and in previous years.

Compliance

As part of obtaining reasonable assurance about whether the University's 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 an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item Number 97-01 Federal Financial Reports per page 19 of this audit report.

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

(CONTINUED)

We did not audit the University's compliance with the regulations governing the administration of the NSDL/Perkins program as set forth in the Code of Federal Regulations CFR 24, Part 674. Those administrative requirements govern functions performed by the outside service center. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

The outside service center's compliance with the requirements governing the functions it performs for the University is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditor's report, we have determined that all of the compliance requirements included in the Student Financial Assistance Audit Guide that are applicable to the programs in which the University participates are addressed in either our report or the report of the other auditor. The audit report on the outside service center includes immaterial instances of non-compliance pertaining to services carried out for the University. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the findings. Information on the effect of the reported finding on the University's NFA programs is included in the accompanying schedule of regulatory compliance test results - outside service center.

As described in the Status of Other Audits section of our report, the university was required by the U.S. Department of Education to perform a review of the University's adherence to certain federal laws and regulations with regard to Student Financial Aid. As a result, the Internal Auditor of the University has furnished a report to us which contained necessary findings pertinent to student financial aid related programmatic activities.

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

(CONTINUED)

The scope of our work was not sufficient to express, and we do not express an opinion on the completeness of the findings. Also, the ultimate resolution of this matter cannot presently be determined. Accordingly, no adjustments have been recorded to the University's schedule of Expenditures of Federal Awards for the year ended June 30, 1997.

We considered these instances of noncompliance in forming our opinion on whether the University's schedule of Expenditures of Federal Awards is presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 22, 1997, on the Schedule of Expenditures of Awards.

Internal Control Over Financial Reporting

In planning and performing our audit, except for the functions performed at the University's contracted outside service center in connection with processing transactions for the MHI/Perkins program, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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

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

(CONTINUED)

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. 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 auditors for the outside service center indicated that they noted no matters involving the internal control structure and its operations that they consider to be material weaknesses.

In connection with our audit, we reviewed the prior-year reportable condition on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the condition giving rise to the finding. The results of our review with respect to the prior-year reportable condition is described in the schedule of prior reportable conditions.

During our exit conference with management of the University, we discussed certain policy and procedural matters relating to federal financial assistance programs that we do not consider to be material weaknesses.

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

(CONTINUED)

This report is intended for the information of the President, management and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 1987

GRAMBLING STATE UNIVERSITY
SCHEDULE OF PRIOR REPORTABLE CONDITIONS

**I. INTERNAL CONTROL STRUCTURE - NURSING STUDENT
LOAN PROGRAM (NSL)**

We noted during our June 28, 1996 audit that the present internal control structure for the Nursing Student Loan Program should be strengthened as follows:

- o The responsibility for receiving and depositing checks from students should be performed by a person independent of the billing and posting of NSL activities; and
- o The monthly financial reports that reflect the student's aged account balance payment history and status (current, default) should be periodically reviewed by the Department's Supervisor.

CURRENT STATUS

The University has implemented procedures to ensure that a person independent of the billing and posting of NSL activities receives and deposits NSL checks. Also, the University has developed procedures that provide for the periodic review of monthly financial reports.

**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. Leonard L. Boynes, III
Acting President
Grambling State University
Grambling, Louisiana

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, 1997. The component unit financial statements were audited by other independent auditors whose report has not been issued as of our report date. As discussed in NOTE C, Grambling State University has failed to comply with certain contractual and programmatic requirements with regard to its expenditures of federal awards during the year ended June 30, 1997 and in previous years. The University's major federal programs are identified in the Schedule of Expenditures of Federal Awards. 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 generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that 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

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)

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.

The University was required by the U.S. Department of Education to perform a review of the University's adherence to certain federal laws and regulations with regard to Student Financial Aid. As a result, the Internal Auditor of the University has furnished a report to us which contained monetary findings pertinent to student financial aid related programmatic activities.

The scope of our work was not sufficient to express, and we do not express an opinion on the completeness of the findings. However, information on the effect of the reported findings is included in the Status of Other Audits section of our report.

In our opinion, except for the effect, which is not presently determinable as described in the following paragraph, of those instances of noncompliance applicable to the Student Financial Aid Program Cluster referred to in the third paragraph of this report and identified in the Status of Other Audits Section, 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, 1997. 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.

Resolving the instances of noncompliance identified in the third paragraph of this report is the responsibility of the management of the University and Federal officials. The determination of whether the identified instances of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, no adjustments for any disallowances that may result has been made to the federal program accounts 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 ONE CIRCULAR A-133
(CONTINUED)

We did not audit the University's compliance with the Regulations governing the administration of the HSL/Perkins program as set forth in the Code of Federal Regulations (28 CFR 14, Part 674). Those administrative requirements govern functions performed by the outside service center. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

The outside service center's compliance with the requirements governing the functions it performs for the University is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditor's report, we have determined that all of the compliance requirements included in the Student Financial Assistance Audit Guide that are applicable to the programs in which the University participates are addressed in either our report or the report of the other auditor. The audit report on the outside service center includes immaterial instances of non-compliance pertaining to services carried out for the University. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the findings. Information on the effect of the reported findings on the University's SPA program is included in the accompanying schedule of regulatory compliance test results - outside service center.

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 contracted Outside Service Center in connection with processing transactions for the HSL/Perkins program, we considered the university's internal control over compliance with requirements that could have a direct

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)

and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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 operation that we consider to be material weaknesses.

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

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)

In connection with our audit, we reviewed the prior-year reportable condition on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the condition giving rise to other finding. The results of our review with respect to the prior-year reportable condition is described in the schedule of prior reportable conditions.

During our exit conference with management of the University, we discussed certain policy and procedural matters relating to federal financial assistance programs that we do not consider to be material weaknesses.

This report is intended for the information of the President, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervlaon

BRUNO & TERVLAON
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 1997

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUDIT FINDING REFERENCE NUMBER

97-01-Federal Financial Reports

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CFDA TITLE AND NUMBER

CFDA 84.033 - Federal Work Study (FWS)
CFDA 84.038 - Federal Perkins Loan Program (FPL)
CFDA 93.368 - Nursing Student Loan Program (NSL)

FEDERAL AWARD YEAR

June 30, 1997

FEDERAL AGENCIES

Departments of Education and Health and Human Services

PASS-THROUGH ENTITY

Not Applicable

CRITERIA OR SPECIFIC REQUIREMENT

Federal Regulations required that the institution submit a Fiscal Operations Report (FISOP) and an Annual Operating Report (NSL) each year and that the institution shall ensure that the information reported is accurate. OMB Circular A-133 Compliance Supplement specifies reporting adherence to certain requirements.

CONDITIONS AND PERSPECTIVE

We noted during our audit that the FISOP and the NSL Annual Operating Report contained errors including the following significant differences:

Description	Per Report	Per Accounting Records	Difference
FISOP			
<u>Part III, Section c, Line 3</u>			
Decreases not in repayment	\$450,000	\$327,331	\$122,669

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FEDERAL FINANCIAL REPORTS, CONTINUED

CONDITIONS AND PERSPECTIVE, CONTINUED

<u>Description</u>	<u>Per Report</u>	<u>Per Accounting Records</u>	<u>Difference</u>
Part V, Section B, <u>Line 7</u>			
1988-1987 Funds Carried forward to be spent in 1987-1988	\$ -0-	\$ 92,335	\$(92,335)
501. Annual Operating Report			
Loans to students cumulative	48,380	367,843	(319,463)
Students in default 180 days and over	1,380	120,488	(119,108)

CAUSE

The University inadvertently utilized the incorrect financial information.

QUESTIONED COSTS

For purposes of these conditions, we have not questioned any costs.

EFFECT

The University has reported information which does not agree to the financial records.

RECOMMENDATION

We recommend that the University adhere to established procedures with regard to the reporting of financial amounts per the noted reports. Additionally, we recommend that all errors, including the previously noted items, be corrected during the edit process.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

87-02-Satisfactory Academic Progress

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CFDA TITLE AND NUMBER

CFDA 84.061 - Federal Pell Grant Program (PELL)
CFDA 84.032 - Federal Family Education Loan Program (FFEL)
CFDA 84.027 - Federal Supplemental Educational
Opportunity Grant Program (FSEOG)

FEDERAL AWARD YEAR

June 30, 1997

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

NOT Applicable

CRITERIA

Title IV regulations, 34 CFR Section 668.7(c) stipulates that students participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

OMB Circular A-113, Compliance Supplement Part 5 Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (a) stipulates that a student must maintain good standing, or satisfactory progress.

CONDITIONS AND PERSPECTIVE

We noted during our audit that nine(9) students out of ninety-six (96) tested were awarded and received financial aid, although the student did not meet the University standards for achieving satisfactory academic progress.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

97-22-Satisfactory Academic Progress, CONTINUED

CAUSE

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

QUESTIONED COSTS

For purposes of this finding, we have questioned costs totaling \$63,894.

EFFECT

It appears that the University disbursed financial aid to students that did not maintain satisfactory academic progress.

RECOMMENDATION

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

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

97-83-Federal Family Education Loan Limits

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CFR TITLE AND NUMBER

Federal Family Education Loan (FFEL)-84.833

FEDERAL AWARD NUMBER

June 30, 1997

FEDERAL AGENCY

Department of Education

PASS-THROUGH SERVICE

Not applicable

CRITERIA

34 CFR 682.204(b) and OMB Circular A-133 states that the aggregate unpaid principal amount of all Stafford Loan Program and loans received under the Direct Stafford Loan Program may not exceed \$22,000 in the case of any student who has not successfully completed a program of study at the undergraduate level. 34 CFR 682.204(a) and OMB Circular A-133 Compliance Supplement, Part 5 states that the annual loan limits for the first year of a program of undergraduate education may not exceed \$2,625, for the second year may not exceed \$3,500, and for the year thereafter, may not exceed \$5,000.

CONDITION AND PERSEPECTIVE

During our audit, we noted 460 (2) instances out of sixty-eight (48) tested in which the students exceeded their annual subsidized loan limit.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

FF.03-Federal Family Education Loan Limits, CONTINUED

CAUSE

The University allowed the students to continue to borrow funds in excess of allowable amounts for their grade level.

QUESTIONED COSTS

For purpose of this finding, we have questioned costs totaling \$6,554.

EFFECT

The University disbursed FFEL to students in excess of the annual loan limit as prescribed by Title IV regulations. This condition resulted in an annual overaward of \$6,554.

RECOMMENDATION

We recommend that the University adhere to established procedures regarding the disbursement of FFEL loan proceeds.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

MOST FINDING REFERENCE NUMBER

97-04-Nursing Student Loan Program

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CFDA TITLE AND NUMBER

Nursing Student Loan - 83.364

FEDERAL AWARD NUMBER

OPS #7318011

FEDERAL AGENCY

Health Resources and Services Administration
Bureau of Health Professions

PASS-THROUGH ENTITY

Not Applicable

CRITERIA

CFR 57.316A stipulates that a school must immediately return all funds on hand to the federal agency, and must return future collections on a quarterly basis if its participation in the Nursing Student Loan Program was terminated.

42 CFR Section 57.316(b) states the specific due diligence procedures that are required to be performed by the University. OHS Circular A-113 Compliance Supplement, Part 5 stipulates certain special tests and provisions that are required to be adhered to.

CONDITIONS AND RESPECTIVE

We noted the following conditions during our audit:

- o A cash balance of \$48,967 existed at June 30, 1997 for the Nursing Student Loan Program. However, the University participation in the program had been closed during July, 1996 because of the high default rate.
- o The University had not performed due diligence procedures for sixty-five (65) out of one-hundred and thirty-three (133) students who had received Nursing Student Loans totaling \$128,351 that were in repayment status; and

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

97-04-Nursing Student Loan Program, CONTINUED

CONDITIONS AND PERSPECTIVE, CONTINUED

- o The University was unable to identify students who had borrowed Nursing Student Loan funds totaling \$8,078.

Cause

The University had not taken the necessary steps to transfer the federal share of cash funds to the Department of Health and Human Services.

Also, the University had not adhered to established procedures with regard to due diligence and maintaining accurate financial records.

QUESTIONED COSTS

For purposes of this finding, we have questioned the amount of the cash balance not transferred (\$46,987) and the amount of the unidentified loans (\$8,078).

EFFECT

Non-compliance with a federal regulation which stipulates that the federal share of funds in a terminated program must be returned to the related federal agency.

Also, the University has not adhered to federal regulations with respect to performing due diligence and additionally has not maintained financial records that reflect outlays of federal funds.

RECOMMENDATION

We recommend that management of the University take immediate steps to resolve the noted conditions.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER

97-05-Federal Perkins Loan Program (FPL)

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CFR TITLE AND NUMBER

Federal Perkins Loan Program - 84.038

FEDERAL AWARD YEAR

June 30, 1997

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

Not applicable

CRITERIA

14 CFR 674.14, 34 CFR 674, subpart C, 34CFR 674.41, 34CFR 674.43, and 34 CFR 674.45 stipulate certain federal requirements that the University must adhere to when maintaining a Perkins loan fund.

OMB Circular A-115 Compliance Supplement, Part 5 stipulates certain special tests and provisions that are required to be adhered to.

CONDITIONS AND PERSPECTIVE

During our testing of the Federal Perkins Loan Program, we noted the following instances of non-compliance:

- o One (1) student out of ten (10) tested did not have a signed promissory note on file;
- o Four (4) students out of twelve (12) tested did not have an exit interview form on file;
- o One (1) out of ten (10) students sampled whose documentation of rights and responsibilities could not be located by the University;

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

ADULT FINDING REFERENCE NUMBER

97-05-Federal Perkins Loan Program, CONTINUED

CONDITIONS AND PERSPECTIVE, CONTINUED

- o Adequate information regarding the student's cumulative Perkins loan history was not maintained for ten (10) out of ten (10) students sampled;
- o Loan transactions were not recorded in the EDUSERV Student Loan Journal for eight (8) students out of ten (10) sampled;
- o One (1) out of (1) student tested received an additional Perkins loan without signing a new repayment agreement;
- o One (1) student out of ten (10) sampled did not have an authorized signed deferment application on file;
- o One (1) student out of one (1) tested was granted an in school deferment per the EDUSERV Student Loan Journal; however, the student's folder per the Student Financial Aid Office indicated that the student was granted a hardship deferment;
- o The enrollment status had not been properly monitored for eleven (11) students out of twenty-six (26) students tested who had previously received Perkins Loans. The students noted had either graduated or withdrawn from school but were still being reported as being in-school; and
- o Ten (10) students out of ten (10) sampled had been in default over one-hundred and twenty days but their accounts had not been transmitted to a collection agent.

CAUSE

The University had not employed sufficient staff to process and monitor Perkins Loan activities.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

ADDITIONAL FINDING REFERENCE NUMBER

97-02- Federal Perkins Loan Program, CONTINUED

QUESTIONED COSTS

For purposes of these conditions, we have not questioned any costs.

EFFECT

The University has not adhered to federal regulations which require that certain programmatic activities be performed.

RECOMMENDATION

We recommend that the University take immediate steps to ensure the noted conditions are corrected and additionally prevented in the future.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUDIT FINDING REFERENCE NUMBER
93-06-37a-f of Stipend Checks

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

FEDERAL AWARD NUMBER AND YEAR
800014-01-3-1281- Department of Navy
NSF-8917889-National Science Foundation

FEDERAL AGENCY
U.S. Department of the Navy, National Science Foundation

PASS-THROUGH ENTITY
Not applicable

CRITERIA

OMB Circular A-133, and Government Auditing Standards prescribe certain reporting requirements if illegal acts have occurred.

CONDITION AND PERSPECTIVE

We were informed by management of the University that a research assistant had stolen and negotiated twelve (12) stipend checks payable to students.

CAUSE

The University had failed to void stipend checks who had either graduated or discontinued their participation in the program.

QUESTIONED COSTS

Prior to June 30, 1987, the University transferred the ineligible costs of \$2,200 and \$1,942 out of the U.S. Department of the Navy grant and the National Science Foundation's grant, respectively.

EFFECT

Grant funds were initially disbursed to an unauthorized individual.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Audit Finding Reference Number

97-06-Theft of Stipend Checks, CONTINUED

RECOMMENDATION

We recommend that the University take immediate action to refund the voted amounts to the related federal program. Also, we recommend that the University adhere to established procedures when processing stipend checks to either students or employees.

**GRANDILEN STATE UNIVERSITY
REGULATORY COMPLIANCE TEST RESULTS
OUTSIDE SERVICE CENTER**

The audit report for the outside service center contained several immaterial instances of non-compliance with regard to deficiencies in certain controls noted at the outside service center, which are not specifically applicable to the University.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The following table includes data for all instances of noncompliance noted during the examination.

Finding #	1	2
Population	All loans whose grace period expired and whose first bill was generated during the 1997 fiscal year, a large population.	All new loans and advances issued and processed during the 1997 fiscal year, a large population.
Relevant Sample	All loans.	All loans.
Instance of noncompliance		
Statement of conditions	Statements generated in February for initial payment due dates in March are generated less than the required 30 days before the first payment due date. For all other months, billing statements are generated and sent to a subcontractor for printing and mailing 30- or 31 days, depending on the number of days in the month before the first payment due date. The subcontractor delivers the statements to the post office 25 or 26 days before the first payment due date.	For one loan in the sample, the borrower's student loan date and end date were not correctly re-coded into System III after the loan was initially rejected and put on the daily roll listing. This loan, along with the other loans appearing on this date's daily roll listing were deleted from the roll listing instead of being corrected. These data items are informational and did not affect the dollar amounts of the advances.
Criteria	34 CFR 694.43 requires the first billing to occur 30 days prior to the first payment due date.	34 CFR 694.15 requires that accurate records be maintained.
Effect	Accordingly, initial billing statements for all loans are sent 25 to 29 days before the payment due date, rather than 30.	The enrollment start and end date information was not entered correctly in the borrower's loan information.
Cause	Two statements of conditions. In addition, System III interprets 30 days to be equal to one month.	Items were improperly deleted from the roll listing due to human error.
Cause	Subloans will begin generating the first bill at least 31 days prior to the due date.	This error has been corrected.
Was sample expanded?	No. This is a programmed procedure which treats all loans consistently, and this is not a material finding of noncompliance.	No. This is not a material finding of noncompliance. This is an isolated instance.
FFA's definition of material noncompliance	Noncompliance with regulations of a nature and frequency that would constitute management's assertions, with a minor if judgment, noncompliance impacting 75% or more of the dollar value of loans processed or 5% or more of required compliance activities may be material. This situation does not materially shorten a notice-of-due date to the borrower.	Noncompliance with regulations of a nature and frequency that would constitute management's assertions, with a minor if judgment, noncompliance impacting 2% or more of the dollar value of loans processed or 25% or more of required compliance activities may be material. It should be noted that borrowers are responsible for reviewing loan data.
Recommendation	Generate billing statements 31 days before the first payment due date.	Situation corrected, see cause.

GRAMBLING STATE UNIVERSITY
STATUS OF OTHER AUDITS

I. PROGRAMMATIC REVIEW OF STUDENT FINANCIAL AID

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

As a result of the Internal Auditor's review, it was determined that approximately \$313,100 of financial aid was possibly disbursed to students who did not meet satisfactory academic progress during the year ended June 30, 1995. Additionally, for the 1996-1997 year, the Internal Auditor determined that approximately \$281,992 of financial aid funds were possibly disbursed to ineligible students.

GRAMBLING STATE UNIVERSITY

EXIT CONFERENCE

The audit report was discussed at an exit conference held on November 14, 1997 with representatives of the University. Those individuals participating were as follows:

GRAMBLING STATE UNIVERSITY

Dr. Leonard L. Haynes, III	--	Acting President
Mr. Melvin Davis	--	Vice President-Finance
Mr. Barry Delcambre	--	Vice President-Enrollment Management and Academic Services
Ms. Thomas Jones	--	Comptroller
Mr. Charles Hill	--	Internal Auditor
Ms. Alvina Thomas	--	Financial Aid Director
Ms. Anna Kopyeja	--	Assistant Financial Aid Director
Mr. David Nickles	--	Vice President-Finance, University of LA Systems
Mr. Josh McDaniels	--	Director of Internal Audit University of LA Systems
Mr. Ed Anders	--	Board of Directors

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael S. Bruno	--	Managing Partner
Mr. Edward J. Phillips, Jr.	--	Senior Manager
Ms. Denise Scott	--	Senior
Mr. Sean Bruno	--	Senior

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 1997

GRAMBLING STATE UNIVERSITY
AUDIT INFORMATION SCHEDULE

Lead Auditors: BRUNO & TERVALON, Certified Public Accountants
Michael B. Bruno, Managing Partner
Edward Phillips, Audit Supervisor

License Number: L 1218

Telephone Number: (504) 483-0733

The audit field work was performed between May 18, 1997 and October 22, 1997 at the institution's facilities as follows:

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

Institution's Accrediting Organization: Southern Association of Colleges and Schools, and the National Council for Accreditation of Teacher Education.

The institution utilizes a SPA Servicer.

Edu Serve Technologies, Inc.
Post Office Box 2901
Winston-Salem, North Carolina

The following functions are provided by this SPA Servicer:

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

A review of the Servicer's internal control structure was performed by the Service Bureau's independent public accountant.

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

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