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SOUTHERN UNIVERSITY SYSTEM

**SINGLE AUDIT
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
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**

**Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813**

We have audited the accompanying Schedules of Expenditures of Federal Awards of the Southern University System (the University) for the year ended June 30, 2004. The Schedules of Expenditures of Federal Awards is the responsibility of the management of the Southern University System. Our responsibility is to express an opinion on the Schedules of Expenditures of Federal Awards based on our audit. The accompanying Schedules of Expenditures of Federal Awards are 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 Schedules 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 Schedules 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 Schedules of Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

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

(CONTINUED)

**Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813**

In our opinion, the accompanying Schedules of Expenditures of Federal Awards of the Southern University System (the University) present 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 Southern University System'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 non-compliance, reportable conditions in internal control and instances of noncompliance that may be material to the Schedules 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 Schedules 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 Schedules of Expenditures of Federal Awards. Such information has been subjected to the auditing procedures applied in the audit of the Schedules of Expenditures of Federal Awards and, in our opinion is fairly stated in all material respects in relation to the Schedules of Expenditures of Federal Awards taken as a whole.

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

December 12, 2004

SOUTHERN UNIVERSITY SYSTEM
 BOARD AND SYSTEM ADMINISTRATION
 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>
U.S. Agency for International Development			
<i>Direct Awards</i>			
Vista University Linkage Grant	3752	--	\$ 9,647
Total U.S. Agency for International Development			<u>9,647</u>
Total Expenditures of Federal Awards			<u>\$ 9,647</u> T

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
U.S. Department of Agriculture			
<i>Direct Awards</i>			
1890 Institution Capacity Building Grants	10.216	--	\$ 337,534
Fund for Rural America Research, Education and Extension Activities	10.224	--	138,295
Crop Insurance	10.450	--	6,913
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	--	164
Cooperative Extension Services	10.500	--	948,807
Cooperative Forestry Assistance	10.664	--	970
<i>Awards From a Pass-Through Entity</i>			
<u>Passed-Through: Alabama A&M University</u>			
Biotechnology Risk Assessment Research	10.219	521009616	(5,499)
<u>Passed-Through: University of Wisconsin-Madison</u>			
Integrated Programs	10.303	PR#200151110	12,252
<u>Passed-Through: Texas A&M University</u>			
Cooperative Extension Services	10.500	TCE622640-7	46,104

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
<u>U.S. Department of Agriculture, continued</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Perishable Agricultural Commodities Act	10.165	--	\$ 1,657
Payments to 1890 Land-Grant Colleges	10.205	--	59,610
1890 Institution Capacity Building Grants	10.216	--	739,391
Soil and Water Conservation	10.902	--	7,074
Technical Agricultural Assistance	10.960	--	2,264
Total U.S. Department of Agriculture			<u>2,295,536</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
U.S. Department of Defense			
<i><u>Direct Awards</u></i>			
Collaborative Research and Development	12.114	--	\$ 10,174
<i><u>Research and Development Cluster</u></i>			
<i><u>Direct Awards</u></i>			
Collaborative Research and Development	12.114	--	395,885
Basic and Applied Scientific Research	12.300	--	290,850
<i><u>Awards From a Pass-Through Entity</u></i>			
<i><u>Passed-Through: The Shaw Group</u></i>			
Mathematical Sciences Grants Program	12.901	Various	401,575
Total U.S. Department of Defense			<u>1,098,484</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Awards</i>			
Community Development Block Grants	14,218	--	\$ 31,934
Historically Black Colleges and Universities Program	14,237	--	<u>107,195</u>
Total U.S. Department of Housing and Urban Development			<u>139,129</u>
<u>U.S. Department of the Interior</u>			
<i>Direct Awards</i>			
Assistance to State Water Resources Research Institutes	15,805	--	<u>89,094</u>
Total U.S. Department of the Interior			<u>89,094</u>
<u>U.S. Department of Justice</u>			
<i>Direct Awards</i>			
Grants to Reduce Violent Crimes Against Women on Campus	16,525	--	27,781
National Institute of Justice W.E.B. Dubois Fellowship Program	16,566	--	39,123
Public Safety Partnership and Community Policing Grants	16,710	--	<u>46,703</u>
Total U.S. Department of Justice			<u>113,607</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
U.S. Department of Transportation			
<i>Direct Awards</i>			
Federal Transit Grants for University Research and Training	20.502	--	\$ 72,923
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: South Carolina A&M University			
Federal Transit Grants for University Research and Training	20.502	SCSU992T1	12,639
Total U.S. Department of Transportation			
			<u>85,562</u>
Internal Revenue Service			
<i>Direct Awards</i>			
Low-Income Taxpayer Clinics	21.008	--	<u>65,631</u>
Total Internal Revenue Service			
			<u>65,631</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
 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>
U.S. National Aeronautics and Space Administration			
<i>Direct Awards</i>			
Aerospace Education Services Program Technology Transfer	43.001 43.002	-- --	\$ 222,662 295,670
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Space Telescope Science Institute Technology Transfer	43.002	NGT590015	14,191
Passed-Through: Howard University Technology Transfer	43.002	633639	28,473
Passed-Through: National Action Council Technology Transfer	43.002	--	48,669
Passed-Through: Shaw Environmental, Inc. Technology Transfer	43.002	PO#202190	8,740
Passed-Through: National Science Foundation Technology Transfer	43.002	TUL1460203	10,904
Passed-Through: United Negro College Technology Transfer	43.002	N/A	67,970
Passed-Through: Department of Energy Research and Outreach	N/A	633254192525	42,097

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
<u>U.S. National Aeronautics and Space Administration, continued</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Aerospace Education Services Program	43.001	--	\$ 21,269
Technology Transfer	43.002	--	<u>1,115,629</u>
Total U.S. National Aeronautics and Space Administration			<u>1,876,274</u>
<u>U.S. National Science Foundation</u>			
<i>Direct Awards</i>			
Mathematical and Physical Sciences Education and Human Resources	47.049 47.076	-- --	185,655 219,201
<i>Awards From a Pass-Through Entity</i>			
<u>Passed-Through: University of Wisconsin</u> Polar Programs	47.078	G067933	81,293

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
<u>U.S. National Science Foundation, continued</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Computer and Information Science and Engineering	47,070	--	\$ 60,074
Education and Human Resources	47,076	--	42,534
Total U.S. National Science Foundation			<u>588,757</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Direct Awards</i>			
Environmental Protection-Consolidated Research	66,500	--	51,215
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Science and Engineering Alliance	66,500	SEA/EPA0015	4,726
Technical Business Monitoring			

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
<u>U.S. Environmental Protection Agency, continued</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Environmental Protection-Consolidated Research	66,500	--	\$ 28,158
Total U.S. Environmental Protection Agency			<u>84,099</u>
<u>U.S. Department of Energy</u>			
<i>Direct Awards</i>			
Conservation Research and Development	81,086	--	70,046
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Conservation Research and Development	81,086	--	(4,800)

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
U.S. Department of Energy, continued			
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Oak Ridge Y-12 National Security Complex Conservation Research and Development	81.086	97-141.93	\$ 55,923
Passed-Through: National Renew. Energy Lab Conservation Research and Development	81.086	AAK9187502	62,782
Passed-Through: Midwest Research Institute Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	ACQ43362301	12,055
Passed-Through: Lockheed Martin Energy Systems Conservation Research and Development	81.086	DEAC05840R	44,753
Total U.S. Department of Energy			<u>240,759</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 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>
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Higher Educational-Institutional Aid	84.031	--	\$ 6,037,621
Fund for Improvement of Post Secondary Education	84.116	--	26,026
Minority Science and Engineering Improvement	84.120	--	18,057
Rehabilitation Services-Service Projects	84.128	--	72
Rehabilitation Long-Term Training	84.129	--	521,174
National Institute on Disability and Rehabilitation Research	84.133	--	36,121
Capacity Building for Traditionally Underserved Populations	84.315	--	193,780
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	--	332,359
Underground Railroad Educational and Cultural Program	84.345	--	87,134
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Jackson State University			
Minority Science and Engineering Improvement	84.120	P1162010067	2,685

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
<u>U.S. Department of Education, continued</u>			
<u>Awards From a Pass-Through Entity, continued</u>			
Passed-Through: University of South Carolina Graduate Assistance in Areas of National Need	84.200	02647PP12257	\$ 7,951
<u>TRIO Cluster</u>			
<u>Direct Awards</u>			
TRIO-Student Support Services	84.042	--	342,813
TRIO-Talent Search	84.044	--	580,926
TRIO-Upward Bound	84.047	--	866,180
TRIO-McNair Post-Baccalaureate	84.217	--	84,162
<u>Student Financial Assistance Cluster</u>			
<u>Direct Awards</u>			
Federal Supplemental Educational Opportunity Grants	84.007	--	480,179
Federal Family Education Loans	84.032	--	50,556,976
Federal Work-Study Program	84.033	--	1,144,275
Federal Pell Grant Program	84.063	--	17,015,104
Total U.S. Department of Education			<u>78,333,595</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
U. S. Department of Health and Human Services			
<i>Direct Awards</i>			
Biological Response to Environmental Health Hazards	93.113	--	\$ 357,466
Applied Toxicological Research and Testing	93.114	--	418,382
Research on Healthcare Costs, Quality and Outcomes	93.226	--	11,174
Drug Abuse Research Programs	93.279	--	310,803
Nurse Practitioner and Midwifery	93.298	--	(548)
Advanced Education Nursing Traineeships	93.358	--	46,200
Basic Nurse Education and Practice Grants	93.359	--	371
Nursing Research	93.361	--	1,210
Minority Biomedical Research Support	93.375	--	683
Research Infrastructure	93.389	--	7,219
Head Start	93.600	--	242,787
Health Care Financing Research, Demonstrations and Evaluations	93.779	--	71,230
Rural Health Outreach and Rural Network Development Program	93.912	--	193,097

The accompanying notes are an integral part of these schedules.

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
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>
<u>U.S. Department of Health and Human Services, continued</u>			
<u>Student Financial Assistance Cluster</u>			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	--	\$ 185,603
<u>Awards From a Pass-Through Entity</u>			
<u>Passed-Through: National Black Women's Health Project</u>			
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	U50CCU317371	23,599
<u>Passed-Through: Central State University</u>			
Family Violence Prevention and Services/Grants for Battered Women's Shelters-Discretionary Grants	93.592		212,839
Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	93.671	FCVP0009-103	40,254
<u>Passed-Through: National Youth Sports Corporation</u>			
Community Services Block Grant-Discretionary Awards	93.570	2178124P	55,471
Community Services Block Grant-Discretionary Awards	93.570	02-247	<u>(36)</u>
Total U.S. Department of Health and Human Services			\$ 2,177,804
Total Expenditures of Federal Awards			\$ 87,188,331

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 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>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Awards</i>			
Historically Black Colleges and Universities Program	14.237	--	\$ 23,170
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Housing Authority of New Orleans			
Historically Black Colleges and Universities Program	14.237	--	(60)
Total U.S. Department of Housing and Urban Development			
			<u>23,110</u>
<u>U.S. Department of Justice</u>			
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: Tulane University			
Grants to Reduce Violent Crimes Against Women on Campus	16.525	99-WA-VX-005	<u>71,023</u>
Total U.S. Department Justice			
			<u>71,023</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 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>
U.S. National Aeronautics and Space Administration			
<i>Direct Awards</i>			
Input/Output Management for Earth Science	43.001	1HTW6 NAG13011\$	5,357
Total U.S. National Aeronautics and Space Administration			<u>5,357</u>
U.S. National Science Foundation			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Computer and Information Science and Engineering	47.070	--	505,280
Total U.S. National Science Foundation			<u>505,280</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 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>
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Higher Education-Institutional Aid	84.031	--	\$ 3,322,316
Minority Science and Engineering Improvement	84.120	--	232
Child Care Access Means Parents in School	85.335	--	83,095
<i>TRIO Cluster</i>			
<i>Direct Awards</i>			
TRIO-Student Support Services	84.042	--	452,447
TRIO-Talent Search	84.044	--	351,159
TRIO-Upward Bound	84.047	--	377,416
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	--	234,559
Federal Family Education Loans	84.032	--	14,369,950
Federal Work-Study Program	84.033	--	311,462
Federal Pell Grant Program	84.063	--	6,783,546
Federal Direct Student Loan	84.268	--	0
Total U.S. Department of Education			<u>26,286,182</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
U.S. Department of Health and Human Services			
<i><u>Research and Development Cluster</u></i>			
<i><u>Direct Awards</u></i>			
Substance Abuse and Mental Health Services	93.275	--	\$ 29,538
<i><u>Awards From a Pass-Through Entity</u></i>			
<u>Passed-Through: National Youth Sports Corporation</u>			
Community Services Block Grant-Discretionary Awards	93.570	NYSPP	80,369
Total U.S. Department of Health and Human Services			<u>109,907</u>
Total Expenditures of Federal Awards			<u>\$ 27,000,859</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT-BOSSIER CITY CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Pass Through Entity's Number	Activity
U.S. Department of Agriculture			
<i>Research and Development Cluster</i>			
<i>Awards From a Pass-Through Entity</i>			
<u>Passed-Through: Purdue University</u>			
Grants for Agricultural Research-Competitive Research Grants	10.206	591-387-1	\$ 20,294
Total U.S. Department of Agriculture			<u>20,294</u>
U.S. Department of Housing and Urban Development			
<i>Direct Awards</i>			
Housing and Urban Development	FR4723	--	134,859
Computer Literacy	LA62HD	--	<u>12,761</u>
Total U.S. Department of Housing and Urban Development			<u>147,620</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT-BOSSIER CITY CAMPUS
 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>
<u>U.S. Department of Justice</u>			
<i>Direct Awards</i>			
Cops Universal Hire	16,710	--	\$ 35,948
Total U.S. Department of Justice			
35,948			
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Higher Education-Institutional Aid	84,031	--	2,533,987
<i>TRIO Cluster</i>			
<i>Direct Awards</i>			
TRIO-Student Support Services	84,042	--	314,204
TRIO-Talent Search	84,044	--	348,273
TRIO-Upward Bound	84,047	--	269,805
TRIO-Educational Opportunities Centers	84,066	--	197,647

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT-BOSSIER CITY CAMPUS
 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>
U.S. Department of Education, continued			
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	--	\$ 81,797
Federal Work-Study Program	84.033	--	234,656
Federal Pell Grant Program	84.063	--	5,813,652
Federal Direct Student Loan	84.268	--	<u>556,107</u>
Total U.S. Department of Education			<u>10,350,128</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT-BOSSIER CITY CAMPUS
 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>
<u>U.S. Department of Health and Human Services</u>			
<i>Research and Development Cluster</i>			
<i>Direct Awards</i>			
Biomedical Research and Training	93.859	--	\$ 23,171
<i>Awards From a Pass-Through Entity</i>			
Passed-Through: National Youth Sports Corporation			
Community Services Block Grant-Discretionary Awards	93.570	00-4881	81,416
Total U.S. Department of Health and Human Services			<u>104,587</u>
Total Expenditures of Federal Awards			<u>\$ 10,658,577</u>

The accompanying notes are an integral part of these schedules.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004

NOTE 1 - General

The Southern University System (the University) is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana. As defined by Government Accounting Standards Board Statement Number 14 within the Executive Branch of government, under the management and supervision of the Southern University Board of Supervisors. However, the annual budget of the University and proposed changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents. The Board of Supervisors is comprised of 17 members appointed for a six-year term by the Governor with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the University. As a State agency, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The Southern University System is comprised of four separate agencies. These agencies are :

Board and System Administration;
Baton Rouge Campus;
New Orleans Campus; and
Shreveport-Bossier City Campus.

The accompanying Schedules of Expenditures of Federal Awards presents the activity of all federal financial assistance programs administered by the Southern University System. All expenditures of federal awards received directly from federal agencies and pass-through entities are included on the Schedules. Because the Schedules present only a selected portion of the activities of the System, 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 Schedules of Expenditures of Federal Awards.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 2 - Basis of Accounting and Presentation:

The accompanying Schedules of Expenditures of Federal Awards are presented using the modified accrual basis of accounting which is described in the notes to the University's component unit financial statements which are audited by the Legislative Auditors. 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.

All federal grant expenditures, except Cooperative Extension (CFDA Number 10.500) and Payments to 1890 Land Grant Colleges and Tuskegee University (CFDA Number 10.205), are accounted for in the Current Funds-Restricted of the respective agency of the University. Grant expenditures relative to Cooperative Extension and Payments to 1890 Land Grant Colleges are accounted for in the Current Funds-Unrestricted of the Baton Rouge Campus. However, for purposes of reporting expenditures of federal awards, such transactions are reported in the Schedules of Expenditures of Federal Awards - Board and System Administration and the Baton Rouge Campus.

The accompanying Schedules of Expenditures of Federal Awards has been prepared in the format as set forth in OMB Circular A-133 and the related Compliance Supplement. The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of the Southern University System for the year ended June 30, 2004 which have been financed principally by the U. S. Government (federal awards). For purposes of the schedules, 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 Schedules present 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.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

**NOTE 3 - Program Activity, Organization and
Financing (Perkins Loans) :**

The Perkins Loan Program, (the Program) formerly the National Direct Student Loan Program, is operated by the University under an agreement with the United States Department of Education. Each campus within the System maintains its own separate Loan Fund. The accounts of each Program are included among the Loan Funds for each campus within the System.

During the current fiscal year, Campus Partners, formerly AMS Servicing Group an outside service center provided billing and collection services on behalf of the Baton Rouge, New Orleans and Shreveport/Bossier City campuses.

The New Orleans, Shreveport/Bossier City and Baton Rouge Campuses did not disburse any loans to students during the year ended June 30, 2004. Additionally, the campuses did not receive any federal capital contributions during the year ended June 30, 2004. During the year ended June 30, 2004, Southern University at New Orleans has discontinued the Perkins Loan program and has repaid the Federal Fund Capital to the Department of Education.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

**NOTE 3 - Program Activity, Organization and
Financing (Perkins Loans), Continued**

BATON ROUGE CAMPUS

Listed below is a brief summary of the loan activity as taken from the unaudited records for each campus:

<u>Contributions</u>	Period from Inception to June 30, 2004 <u>(Unaudited)</u>	For the Year Ended <u>June 30, 2004</u>
Federal	\$6,616,617	\$ -0-
University	<u>735,180</u>	<u>-0-</u>
Total	<u>\$7,351,797</u>	<u>\$ -0-</u>

Repayments of Fund Capital

Federal	\$2,092,551	\$ 48,416
University	<u>232,505</u>	<u>4,292</u>
Total	<u>\$2,325,056</u>	<u>\$ 52,708</u>

Analysis of Loans Receivable

Balance, 07/01/03	\$ -0-	\$2,025,775
Funds advanced/ adjustments	<u>9,942,682</u>	<u>-0-</u>
Total	<u>9,942,682</u>	<u>2,025,775</u>
Less: Credits		
Collections	4,502,696	33,560
Cancellations--		
Teaching service\ military	561,757	-0-
Death\disability	54,631	-0-
Bankruptcy	89,378	-0-
Defaulted loan principal assigned to Federal		
Government	2,713,335	-0-
Other adjustments	<u>28,697</u>	<u>27</u>
Total credits	<u>7,950,494</u>	<u>33,587</u>
Balance 06/30/04	<u>\$1,992,188</u>	<u>\$1,992,188</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 3 - Program Activity, Organization and Financing (Perkins Loans), Continued:

NEW ORLEANS CAMPUS

<u>Contributions</u>	Period from Inception to June 30, 2004 <u>(Unaudited)</u>	For the Year Ended <u>June 30, 2004</u>
Federal	\$ 132,145	\$ -0-
University	<u>14,683</u>	<u>-0-</u>
Total	<u>\$ 146,828</u>	<u>\$ -0-</u>

Repayments of Fund Capital

Federal	\$ 132,145	\$ 37,432
University	<u>3,578</u>	<u>-0-</u>
Total	<u>\$ 135,723</u>	<u>\$ 37,432</u>

During the year ended June 30, 2004, Southern University at New Orleans had discontinued participation in the Perkins Loan program and has repaid the Federal Fund Capital to the Department of Education.

SHREVEPORT-BOSSIER CAMPUS

<u>Contributions</u>	Period from Inception to June 30, 2004 <u>(Unaudited)</u>	For the Year Ended <u>June 30, 2004</u>
Federal	\$ 941,904	\$ -0-
University	<u>104,656</u>	<u>0-</u>
Total	<u>\$1,046,560</u>	<u>\$ -0-</u>

Repayments of Fund Capital

Federal	\$ 417,278	\$ 14,738
University	<u>44,564</u>	<u>-0-</u>
Total	<u>\$ 461,842</u>	<u>\$ 14,738</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 3 - Program Activity, Organization and Financing (Perkins Loans), Continued:

SHREVEPORT-BOSSIER CAMPUS

Analysis of Loans Receivable

	Period from Inception to June 30, 2004 <u>(Unaudited)</u>	For the Year Ended June 30, 2004
Balance, 07/01/03	\$ -0-	\$ 559,684
Funds advanced	<u>1,364,255</u>	<u>-0-</u>
Total	<u>1,364,255</u>	<u>559,684</u>
Less:		
Collections	692,450	19,216
Cancellations--		
Teaching		
service	3,795	-0-
Death/Disability	15,371	-0-
Bankruptcy	12,694	-0-
Defaulted loan		
principal		
assigned to		
Federal		
Government	89,804	-0-
Loan principal		
adjustments	<u>9,673</u>	<u>-0-</u>
Total credits	<u>823,787</u>	<u>19,216</u>
Balance, 06/30/04	\$ <u>540,468</u>	\$ <u>540,468</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 4 - Pell Grant Program:

The Pell Grant program provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. The University receives direct payment from the Department of Education for allowable administrative costs.

During the year ended June 30, 2004, each campus disbursed the following amounts for Pell Grants for the prior and current year, and received the following direct payments from the Department of Education for allowable administrative costs.

<u>Campus</u>	<u>Pell Expenditures</u>	<u>Administrative Cost Recovery</u>
Baton Rouge	\$ <u>17,298,472</u>	\$ <u>26,275</u>
New Orleans	\$ <u>6,783,546</u>	\$ <u>12,220</u>
Shreveport- Bossier City	\$ <u>5,847,191</u>	\$ <u>10,645</u>

NOTE 5 - Federal Family Education and William D. Ford Federal Direct Loan Program:

The Student Loan Programs enable eligible students to borrow directly from a bank or other lending institutions and a portion of the loan is guaranteed by the Federal Government. The loan activity is not required to be recorded in the accounting records of the University. During the year ended June 30, 2004, the following amounts were disbursed by each campus for the Federal Family Education Student and William D. Ford Federal Direct Loan Programs:

<u>Campus</u>	<u>Federal Family Education Loan Amount</u>	<u>William D. Ford Direct Loan Amount</u>
Baton Rouge	\$ <u>50,556,976</u>	\$ <u>-0-</u>
New Orleans	\$ <u>14,369,950</u>	\$ <u>-0-</u>
Shreveport- Bossier City	\$ <u>-0-</u>	\$ <u>554,230</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 6 - College Work-Study Program:

The University established the College Work Study (CWS) Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2004, the following amounts were disbursed by each campus for the CWS Program:

Baton Rouge Campus

<u>Description</u>	<u>Amount</u>
Federal expenditures	\$1,089,786
Administrative costs	<u>54,489</u>
Sub-total	1,144,275
Institutional matching	<u>-0-</u>
Total	<u>\$1,144,275</u>

New Orleans Campus

Federal expenditures	\$ 296,632
Administrative costs	<u>14,831</u>
Sub-total	311,463
Institutional matching	<u>-0-</u>
Total	<u>\$ 311,463</u>

Shreveport-Bossier City Campus

Federal expenditures	\$ 234,656
Administrative costs	<u>11,174</u>
Sub-total	245,830
Institutional matching	<u>-0-</u>
Total	<u>\$ 245,830</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 6 - College Work-Study Program, Continued:

The Baton Rouge, New Orleans and Shreveport-Bossier City Campuses elected and received approval from the Department of Education to waive the institutional matching requirement for the College Work Study Program's approved funding level for the fiscal year ended June 30, 2004. Each campus was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

NOTE 7 - 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. The following amounts were disbursed by each campus for the FSEOG Program:

Baton Rouge Campus

<u>Description</u>	<u>Amount</u>
Federal expenditures	\$ 515,722
Administrative costs	<u>25,786</u>
Sub-total	541,508
Institutional matching	<u>-0-</u>
Total	<u>\$ 541,508</u>

New Orleans Campus

Federal expenditures	\$ 222,876
Administrative costs	<u>11,683</u>
Sub-total	234,559
Institutional matching	<u>-0-</u>
Total	<u>\$ 234,559</u>

Shreveport-Bossier City Campus

Federal expenditures	\$ 79,750
Administrative costs	<u>3,988</u>
Sub-total	83,738
Institutional matching	<u>-0-</u>
Total	<u>\$ 83,738</u>

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 8 - State Expenditures - Preventive Maintenance:

As provided by Louisiana Revised Statute 17.3886(A), the University adopted a building and facility preventive maintenance program which was approved by the Louisiana Board of Regents. This program allows the University to retain any funds appropriated or allocated which were unexpended and unobligated at the end of the fiscal year.

NOTE 9 - Agency Funds:

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

NOTE 10 - Contingencies:

Participation in Grant/Loan Programs

The University administers and participates in certain Federal and State programs as disclosed in the Schedules of Expenditures of Federal Awards. In connection with the administration and operations of these programs, 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 funding sources to repay some portion or all of the grant award.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 10 - Contingencies, Continued:

Participation in Grant/Loan Programs, Continued

The audit disclosed certain items or transactions as questioned costs. The accompanying Schedules of Expenditures of Federal Awards have not been adjusted for 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 related agencies and the various funding sources.

NOTE 11 - Major Federal Financial Assistance Programs:

The Southern University System's major federal financial assistance programs for the year ended June 30, 2004 were determined on a state level based upon program update activity. Such programs are the Student Financial Assistance Cluster, Trio and Research and Development Clusters, and Vocational Education - Basic Grants to States Program, Foster Care - Title IV - E, Headstart Program, and the Scholarships for Students from Disadvantaged Backgrounds.

NOTE 12 - Supplementary Financial Information:

The Schedules of Disclosures for federally assisted loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Student loan, William D. Ford Federal Direct Loan Program, College Housing Facilities Loans, and the Perkins Loan. Additionally, the Schedule summarizes the amount of principal and interest canceled (military and teacher) for the National Defense/Perkins Loan Program.

The Schedules of Fixed Price Contracts summarizes the total amount of revenues received and expenses disbursed under fixed-price contracts.

The Schedules of Non-Federal Expenditures and Disbursements sets forth the program expenditures and disbursements funded by the State of Louisiana and private sources.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004
(CONTINUED)

NOTE 12 - Supplementary Financial Information:
Continued

The Schedules of Secondary Subrecipients of Major Federal Programs represent disbursements of major program funds to non-State of Louisiana subrecipients.

The Schedules of State Agency/University sub-recipients of Federal Programs represent disbursement of federal funds to State of Louisiana agencies.

The Schedules of Interagency Expenditures of Federal Awards summarizes federal expenditures financed by the State of Louisiana with funds received from the federal government.

NOTE 13 - Final Program Review Determination Letter:

On November 7, 2003, Southern University at New Orleans (SUNO) received a final program review determination letter from the Department of Education which identified liabilities totaling \$1,059,731 which resulted from the findings of a program review report.

SUNO has paid the \$1,059,737 liability and accrued interest of \$1,766 on January 20, 2004.

SUPPLEMENTARY DATA

**SCHEDULES OF DISCLOSURES FOR
FEDERALLY ASSISTED LOANS**

SCHEDULE I

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Loans Disbursed</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest</u>
Federal Family Education Loans	84.032	\$ <u>0</u>	N/A	N/A
National Defense/Perkins Loans Military and Teacher Cancellations for Loans made after 07/01/72	84.037	\$ <u>0</u>	N/A	N/A
Federal Perkins Loans	84.038	\$ <u>0</u>	N/A	N/A
College Housing and Other Educational Facilities Loans	84.142	\$ <u>0</u>	N/A	N/A

See Independent Auditors' Report on Supplementary Information

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Loans Disbursed</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest</u>
Federal Family Education Loans	84.032	\$ <u>50,556,976</u>	N/A	N/A
National Defense/Perkins Loans Military and Teacher Cancellations for Loans made after 07/01/72	84.037	\$ <u>0</u>	N/A	N/A
Federal Perkins Loans	84.038	\$ <u>0</u>	\$ <u>1,992,188</u>	N/A
College Housing and Other Educational Facilities Loans	84.142	\$ <u>0</u>	N/A	N/A

See Independent Auditors' Report on Supplementary Information

SCHEDULE III

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Loans Disbursed</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest</u>
Federal Family Education Loans	84.032	\$ <u>14,369,950</u>	N/A	N/A
National Defense/Perkins Loans Military and Teacher Cancellations for Loans made after 07/01/72	84.037	\$ <u>0</u>	N/A	N/A
Federal Perkins Loans	84.038	\$ <u>0</u>	\$ <u>0</u>	N/A
College Housing and Other Educational Facilities Loans	84.142	\$ <u>0</u>	N/A	N/A
William D. Ford Federal Direct	84.268	\$ <u>0</u>	N/A	N/A

See Independent Auditors' Report on Supplementary Information

SCHEDULE IV

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT - BOSSIER CITY CAMPUS
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Loans Disbursed</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest</u>
Federal Family Education Loans	84.032	\$ <u>0</u>	N/A	N/A
National Defense/Perkins Loans Military and Teacher Cancellations for Loans made after 07/01/72	84.037	\$ <u>0</u>	N/A	N/A
Federal Perkins Loans	84.038	\$ <u>0</u>	\$ <u>540,471</u>	N/A
College Housing and Other Educational Facilities Loans	84.142	\$ <u>0</u>	N/A	N/A
William D. Ford Federal Direct	84.268	\$ <u>556,107</u>	N/A	N/A

See Independent Auditors' Report on Supplementary Information

SCHEDULES OF FIXED-PRICE CONTRACTS

SCHEDULE V

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF FIXED-PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Grantor</u>	<u>Project Name</u>	<u>Award I.D. Number</u>	<u>Award Period</u>	<u>Revenues</u>	<u>Expenditures</u>
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

(1) Southern University - Board and System Administration did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF FIXED-PRICE CONTRACTS
 FOR THE YEAR ENDED JUNE 30, 2004

Program Name	Federal CFDA Number	Grantor	Project Name	Award I.D. Number	Award Period	Revenues	Expenditures
Conservation Research and Development	81.086	Department of Energy	Machine Characterization	4300015680	04/02/02 - 09/30/03	\$ 111,073	\$ 55,923
Conservation Research and Development	81.086	Department of Energy	Film Electriades Cel	AAK9187502	01/27/99 - 06/15/04	201,819	62,782
						\$ 312,892	\$ 118,705

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VII

**SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 SCHEDULE OF FIXED-PRICE CONTRACTS
 FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Grantor</u>	<u>Project Name</u>	<u>Award I.D. Number</u>	<u>Award Period</u>	<u>Revenues</u>	<u>Expenditures</u>
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

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

SCHEDULE VIII

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT - BOSSIER CITY CAMPUS
SCHEDULE OF FIXED-PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Grantor</u>	<u>Project Name</u>	<u>Award I.D. Number</u>	<u>Award Period</u>	<u>Revenues</u>	<u>Expenditures</u>
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

(1) Southern University - Shreveport - Bossier City Campus did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULES OF
NON-FEDERAL EXPENDITURES**

SCHEDULE IX

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF NON-FEDERAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
Private Gifts and Grants	N/A	07/01/03 - 06/30/04	\$ 286,436
State Grants	N/A	07/01/03 - 06/30/04	15,300
Local Grants	N/A	07/01/03 - 06/30/04	1,017
Agency Funds (NOTE 8)	N/A	07/01/03 - 06/30/04	78,453
Total Non-Federal Expenditures			\$ <u>381,206</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE X

**SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF NON-FEDERAL EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
Private Gifts and Grants	N/A	07/01/03 - 06/30/04	\$ 890,391
State Grants	N/A	07/01/03 - 06/30/04	1,005,763
Agency Funds (NOTE 8)	N/A	07/01/03 - 06/30/04	3,975,291
State Expenditures - Preventative Maintenance (NOTE 7)	N/A	07/01/03 - 06/30/04	812,215
Other Grants	N/A	07/01/03 - 06/30/04	415,293
Total Non-Federal Expenditures			\$ 7,098,953

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XI

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
SCHEDULE OF NON-FEDERAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
Private Gifts and Grants	N/A	07/01/03 - 06/30/04	\$ 241,458
State Grants	N/A	07/01/03 - 06/30/04	806,298
Local Grants	N/A	07/01/03 - 06/30/04	34
Agency Funds (NOTE 8)	N/A	07/01/03 - 06/30/04	1,202,901
State Expenditures - SSIG	N/A	07/01/03 - 06/30/04	10,619
Small Business Development Center - Hotel and Motel Tax	N/A	07/01/03 - 06/30/04	37,208
Total Non-Federal Expenditures			\$ <u>2,298,518</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XII

**SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT-BOSSIER CITY CAMPUS
 SCHEDULE OF NON-FEDERAL EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2004**

Program Name	Federal CFDA Number	Award Period	Expenditures
Private Gifts and Grants	N/A	07/01/03 - 06/30/04	\$ 105,244
State Grants	N/A	07/01/03 - 06/30/04	137,378
Agency Funds (NOTE 8)	N/A	07/01/03 - 06/30/04	414,224
State Expenditures - Preventative Maintenance	N/A	07/01/03 - 06/30/04	86,569
Total Non-Federal Expenditures			\$ 743,415

See Independent Auditors' Report on Supplementary Information.

**SCHEDULES OF SECONDARY
SUBRECIPIENTS OF
MAJOR FEDERAL PROGRAMS**

SCHEDULE XIII

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF SECONDARY SUBRECIPIENTS OF
MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2004**

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

(1) Southern University - Board and System did not disburse any funds under terms of non-state subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XIV

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF SECONDARY SUBRECIPIENTS OF
MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor	Federal CFDA or Other Number	Program Name	Activity	Secondary Subrecipient
U.S. Department of Housing and Urban Development	14.520	Historically Black Colleges and Universities Program	\$ 20,000	University Community
National Aeronautics and Space Administration	43.001	Integrated Approach to Reasoning	56,660	University of West
National Aeronautics and Space Administration	43.002	Pipelines	70,177	Iowa State University
National Aeronautics and Space Administration	43.002	Astronomy & Astrophysics Education	29,430	Smithsonian Astrophysics
U.S. Department of Health and Hospitals	93.113	Arch Administration Core	161,209	University of Texas
U.S. Department of Health and Hospitals	93.114	Arch Project Administration	345,921	University of Texas
U.S. Department of Health and Hospitals	93.279	Preventing Substance Abuse African Youth	49,782	University of Georgia

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XIV

**SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF SECONDARY SUBRECIPIENTS OF
 MAJOR FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of Health and Hospitals	93.279	Preventing Substance Abuse in Rural African Youth	10,044	Human Science Research
U.S. Department of Health and Hospitals	93.279	Exercise and Diet in Afro-American	44,918	Jackson State University
	Total		\$ 788,141	

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XV

**SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 SCHEDULE OF SECONDARY SUBRECIPIENTS OF
 MAJOR FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2004**

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

(1) Southern University - New Orleans Campus - did not disburse any major federal program funds to secondary subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XVI

**SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT - BOSSIER CITY CAMPUS
 SCHEDULE OF SECONDARY SUBRECIPIENTS OF
 MAJOR FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2004**

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

(1) Southern University - Shreveport-Bossier City Campus - did not disburse any major federal program funds to secondary subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULES OF
STATE AGENCY/UNIVERSITY
SUBRECIPIENTS OF FEDERAL PROGRAMS**

SCHEDULE XVII

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF STATE AGENCY/UNIVERSITY
SUBRECIPIENTS OF FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>State Agency or University Subrecipient</u>
(1)	(1)	(1)	(1)	(1)

(1) Southern University - Board and System Administration - did not disburse any federal program funds to state agency/university subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XVIII

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF STATE AGENCY/UNIVERSITY
SUBRECIPIENTS OF FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>State Agency or University Subrecipient</u>
U.S. National Science Foundation	47.049	Mathematical Science Grants	\$ 24,149	University of New Orleans
U.S. National Science Foundation	47.070	Joint Engineering Research and Education	1,974	Louisiana State University
U.S. National Science Foundation	47.070	Joint Engineering Research and Education	(15,444)	Louisiana State University
U.S. National Science Foundation	47.070	JFAP Environmental Toxicology	45,956	Louisiana State University
U.S. National Science Foundation	47.070	JFAP PERF Networking	17,034	Louisiana State University
U.S. National Science Foundation	47.070	JFAP Engineering - F3	34,027	Louisiana State University
U.S. National Science Foundation	47.070	JFAP Engineering - F2	22,943	Louisiana State University

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XVIII

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF STATE AGENCY/UNIVERSITY
SUBRECIPIENTS OF FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor</u>	<u>Federal CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>State Agency or University Subrecipient</u>
U.S. Department of Education	84.120	Minority Worker Training	124,264	Xavier University of Louisiana
U.S. Department of Education	84.220	Capital Small Business Development	42,608	University of Louisiana Monroe
U.S. Department of Health and Human Services - National Institute of Health	93.---	Cleavage of DMNPE	665	Louisiana State University
U.S. Department of Health and Human Services	93.389	Minority Worker Training	37,659	Louisiana State University
U.S. Department of Health and	93.389	Research Infrastructure	316,761	Louisiana State University
	Total		\$ 652,596	

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XIX

**SOUTHERN UNIVERSITY SYSTEM
 NEW ORLEANS CAMPUS
 SCHEDULE OF STATE AGENCY/UNIVERSITY
 SUBRECIPIENTS OF FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor	Federal CFDA or Other Number	Program Name	Activity	State Agency or University Subrecipient
(1)	(1)	(1)	(1)	(1)

(1) Southern University - New Orleans Campus - did not disburse any federal program funds to state agency/university subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XX

**SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT-BOSSIER CITY CAMPUS
 SCHEDULE OF STATE AGENCY/UNIVERSITY
 SUBRECIPIENTS OF FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor	Federal CFDA or Other Number	Program Name	Activity	State Agency or University Subrecipient
(1)	(1)	(1)	(1)	(1)

(1) Southern University - Shreveport-Bossier City Campus - did not disburse any federal program funds to state agency/university subrecipients during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULES OF INTERAGENCY
EXPENDITURES OF FEDERAL AWARDS**

SCHEDULE XXI

**SOUTHERN UNIVERSITY SYSTEM
BOARD AND SYSTEM ADMINISTRATION
SCHEDULE OF INTERAGENCY 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>Primary State Agency</u>	<u>Activity</u>
(1)	(1)	(1)	(1)

(1) Southern University - Board and System did have any interagency expenditures of federal awards during the year ended June 30, 2004.

See Independent Auditors' Report on Supplementary Information.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF INTERAGENCY EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Primary State Agency	Activity
U.S. Department of Agriculture - 1890 Institution Capacity Building Grants	10.216	Office of Community Service	\$ 22,103
U.S. Department of Agriculture - Integrated Programs Grants	10.303	Cooperative Extension	28,240
U. S. Department of Agriculture - Summer Food Service Program for Children	10.559	Department of Education	36,048
U.S. Department Economic Development - Technical Assistance	11.303	Department of Education	4
U.S. National Security Agency - Mathematical Sciences Grants Program	12.901	University of New Orleans	24,149
U.S. Federal Transit Administration - Grants for University Research and Training	20.502	Department of Agriculture	3,371
U.S. Federal Transit Administration - Grants for University Research and Training	20.502	Department of Transportation and Development	6,931
U.S. National Aeronautics and Space Administration - Aerospace Education Services Program	43.001	NASA	12,385
U.S. National Foundation of Arts and the Humanities - Promotion of the Humanities - Federal/State Partnership	45.129	Louisiana Endowment for the Humanities	27,114
U.S. National Science Foundation - Mathematical and Physical Sciences	47.049	Board of Regents	20,331
U.S. National Science Foundation - Computer and Information Science and Engineering	47.070	LEQSF	591,492
U.S. Small Business Administration - Small Business Development Center	59.037	Department of Economic Development	72,526
U.S. Department of Energy - State Energy Program	81.041	Department of Natural Resources	1,064
U.S. Department of Education - Undergraduate International Studies and Foreign Language Programs	84.016	Department of Education	(8,406)
U.S. Department of Education - Special Education - Grants to States	84.027	Department of Education	243,093

See Independent Auditors' Report on Supplementary Information.

SOUTHERN UNIVERSITY SYSTEM
 BATON ROUGE CAMPUS
 SCHEDULE OF INTERAGENCY EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Primary State Agency	Activity
U. S. Department of Education - Teacher Quality Enhancement Grants	84.336	Department of Education	\$ 7,710
U.S. Department of Health and Human Services - NIEHS Hazardous Waste Worker Health and Safety Training	93.142	Department of Health and Hospitals	158,845
U.S. Department of Health and Human Services - Research Infrastructure	93.389	NIH	666
U.S. Department of Health and Human Services - Research Infrastructure	93.389	Department of Social Services	486,362
U.S. Department of Health and Human Services - Foster Care - Title IV-E	93.658	Department of Social Services	18,731
Total Interagency Expenditures of Federal Awards			\$ 1,752,759

See Independent Auditors' Report on Supplementary Information.

SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
SCHEDULE OF INTERAGENCY EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Primary State Agency	Activity
U.S. National Science Foundation - Louisiana Alliance for Minority Participants	47.070	Board of Regents	\$ 52,311
U.S. Small Business Administration - Small Business Development Center	59.037	Small Business Administration	57,438
U.S. Department of Health and Human Resources - Temporary Assistance for Needy Families	93.558	Louisiana Office of Family Support	51,305
U.S. Department of Health and Human Services - Foster Care Title IV-E	93.658	Department of Social Services	198,277
U.S. Department of Health and Human Services - Community Services Block Grant - Discretionary Awards	93.859	Louisiana State University	295,704
U.S. Department of Health and Human Services - Medical Training Center	CFMS-563746	University of New Orleans	285,325
U.S. Department of Health and Human Services - Basic Elderly Crisis Council	CFMS-581389	Louisiana Department of Health and Hospitals	122,561
Economic & Urban Development & Tourism	CFMS-568909	Louisiana Department of Culture, Recreation and Tourism	104,718
Professional Service Contract - LSU Health and Science Center	CFMS-570628	Louisiana State University	35,957
Total Interagency Expenditures of Federal Awards			\$ 1,203,596

See Independent Auditors' Report on Supplementary Information.

SOUTHERN UNIVERSITY SYSTEM
 SHREVEPORT-BOSSIER CITY CAMPUS
 SCHEDULE OF INTERAGENCY EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Program Name	Federal CFDA or Other Number	Primary State Agency	Activity
U.S. Department of Labor - Registered Apprenticeship and Other Training	17,201	Department of Labor	\$ 103,703
U.S. National Science Foundation - Computer and Information Science and Engineering	47,070	Louisiana Educational Quality Support Fund	4,809
U. S. Department of Education - Vocational Education - Basic Grants to States	84,048	Department of Education	499,469
U.S. Department of Health and Human Services - Temporary Assistance for Needy Families	93,558	Louisiana Community and Technical College System	50,445
U.S. Department of Health and Human Services - Special Minority Initiatives	93,960	Grambling State University	53,196
Total Interagency Expenditures of Federal Awards			\$ 711,622

See Independent Auditors' Report on Supplementary Information.



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

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

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

We have audited the Schedules of Expenditures of Federal Awards of the Southern University System (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's 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 Schedules of Expenditures of Federal Awards 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 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 SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

(CONTINUED)

Dr. Leon Tarver, II, President
Southern University System

Internal Control Over Financial Reporting

In planning and performing our audit, except for the System III Loan Servicing Information system internal control categories at the University's contracted outside service center in connection with processing transactions for the NDSL/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 Schedules 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 contracted outside service center, 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 Servicing Group present fairly, in all material respects, the aspects of Campus Partners Servicing Group 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.

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 Schedules 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.

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

(CONTINUED)

Dr. Leon Tarver, II, President
Southern University System

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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**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. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

Compliance

We have audited the compliance of the Southern University System (**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's 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 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 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.

**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)**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

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 2004-07.

Resolving the instance of noncompliance 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 amounts listed in the accompanying Schedules of Expenditures of Federal Awards.

We did not audit **the University's** compliance with certain regulations governing the processing of student loans for the NDSL/Perkins program as set forth therein relative to participation in the Federal Student Financial Assistance Programs. 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 outside service center's compliance assertions with respect to its servicing of the Federal Perkins Loan Program for **the University** was examined by another accountant, whose report was furnished to us as of our report issuance date. Based on our review of the other 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.

**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)**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

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** contracted outside service center in connection with processing transactions for the NDSL/Perkins program, we considered **the University's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **the University's** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item numbers 2004-01, 2004-03, 2004-04, 2004-05, 2004-06 and 2004-07.

**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)**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider audit findings 2004-01, 2004-03 and 2004-05 to be material weaknesses.

Also, we noted that other accountants for the outside service center 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 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

SCHEDULE I

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2004**

1. Type of report issued on the financial statements: Unqualified.
2. Did the audit disclose any reportable conditions in internal control: No.
3. Were any of the reportable conditions material weaknesses: N/A.
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: Yes.
6. Were any of the reportable conditions in internal control over major programs material weaknesses: Yes.
7. Type of report issued on compliance for major programs: Unqualified.
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): Yes.
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
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work Study Program
84.048	Vocational Education - Carl Perkins

SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2004

<u>CFDA</u> <u>Number</u>	<u>Federal Program</u>
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loan
93.113	Biological Response to Environmental Health Hazards
93.558	Temporary Assistance for Needy Families (TANF)
93.658	Foster Care - Title IV-E
93.925	Scholarships for Students from Disadvantage Backgrounds
Various	Research and Development Cluster

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 Program Determination Performed on a State Level.

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

SCHEDULE II

SCHEDULE OF FINDINGS & QUESTIONED COSTS

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMPLIANCE

<u>Audit Finding Reference Number</u>		<u>Questioned Costs</u>
2004-01 -	Satisfactory Academic Progress	<u>\$20,587</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.063	Federal Pell Grant Program
84.032	Federal Family Education Loans (FFEL)
84.033	Federal Work Study Program (CWS)
84.007	Federal Supplemental Educational Opportunity Grant (SEOG)

Federal Award Year

June 30, 2004

Federal Agencies

Department of Education

Pass-Through Entity

Not applicable

Criteria

Title IV regulations, 34 CFR Section 668.32(f) stipulates that students participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

OMB Circular A-133 Compliance Supplement, Part 5 Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (6) stipulates that a student must maintain good standing, or satisfactory progress. Title IV regulation 34 CFR 668.16(e) stipulates that an institute must establish, publish and apply reasonable standards for measuring satisfactory academic progress.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2004-01 - Satisfactory Academic Progress, Continued

Condition and Perspective

We noted during our audit that two (2) students out of sixty (60) tested were awarded and received financial aid, although the students did not meet the University's standards for achieving satisfactory academic progress.

Cause

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

Questioned Costs

For purposes of the condition relative to the two (2) students, we have questioned costs totaling \$20,587 as follows:

<u>Program</u>	<u>Amount</u>
Federal Pell	\$ 5,569
FFEL	<u>15,018</u>
Total	<u>\$20,587</u>

Effect

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

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2004-01 - Satisfactory Academic Progress, Continued

Recommendation

We recommend that the University adhere to established policies and procedures as documented in the revised satisfactory academic progress policy and monitor the academic standing of all students prior to awarding student financial aid.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMPLIANCE, CONTINUED

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2004-02 - Eligibility	<u>\$3,700</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

93.925 Scholarships for Students from Disadvantaged (SDS) Backgrounds

Federal Award Year

June 30, 2004

Federal Agencies

Department of Health and Human Services

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5 Section III(A)(E)(1) specifies that the SDS Scholarship should be awarded to any full time student who is from a disadvantaged background; has a financial need; and is enrolled in a program leading to a degree in a health profession or nursing.

Condition and Perspective

We noted during our audit that one (1) student out of ten (10) students tested received SDA funds but was not enrolled as a full time student.

Cause

The University failed to adhere to established procedures and ensure that the student met the eligibility requirements.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2004-02 - Eligibility, Continued

Questioned Costs

For purposes of this condition, we have questioned costs totaling \$3,700.

Effect

The University disbursed federal funds only to eligible students.

Recommendation

We recommend that the University adhere to established procedures.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

Audit Finding Reference Number

2004-03 - Student Status Confirmation Reports

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.032 Federal Family Education Loan Program (FFEL)

Federal Award Year

June 30, 2004

Federal Agencies

U. S. Department of

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement Part 5, Section III, Part -5 specifies that the University must accurately complete and return within thirty days Student Status Confirmation Reports (SSCR).

Conditions and Perspectives

During our audit we noted that six (6) students out of thirteen (13) tested had conflicting information between the student's academic transcript and what was reported on the Student Status Confirmation Report.

Cause

The University was unable to accurately report the status of certain students.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2004-03 - Student Status Confirmation Report, Continued

Questioned Costs

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

Effect

The University failed to properly and accurately report certain information to the Department of Education.

Recommendation

We recommend that management of the University adhere to established procedures and ensure that the Student Status Confirmation reports are submitted accurately.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2004-04 - Allowable Cost	<u>\$3,250</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

93.859 Biomedical Research and Training

Federal Award Year

June 30, 2004

Federal Agencies

Department of Education

Pass-Through Entity

Louisiana State University A&M College

Criteria

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

Conditions and Perspectives

We noted during our audit that management of the University improperly billed and received indirect costs for the Biomedical Research program as follows:

<u>Indirect Cost Base</u>	<u>Base Amount</u>	<u>IDC Rate</u>	<u>IDC</u>	<u>IDC Per G/L</u>	<u>Difference</u>
Salaries	\$44,723	39%	\$17,442	\$20,692	\$3,250

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-04 - Allowable Cost, Continued

Cause

Failure to adhere to established procedures to properly calculate and record indirect costs.

Questioned Costs

For purpose of this finding, we have questioned the costs disbursed to the University as a result of the improper calculation of indirect costs which totaled \$3,250 for the Biomedical Research program.

Effect

Noncompliance with applicable federal rules and regulations.

Recommendation

We recommend that management of the University adhere to established procedures and take immediate steps to ensure that indirect costs are properly calculated and billed to the funding agency.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2004-05 - <i>Matching</i>	<u>\$18,005</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

93.658 Foster Care Title IV E

Federal Award Year

June 30, 2004

Federal Agencies

U. S. Department of Health and Human Services

Pass-Through Entity

Department of Social Services

Criteria

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

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-05 - Matching, Continued

Conditions and Perspectives

We noted during our audit that the University failed to meet the matching requirements stipulated in the grant agreement for the period July 1, 2003 through June 30, 2004.

<u>Matching Per Cost Report</u>	<u>Matching Requirement</u>	<u>Difference</u>
\$143,340	\$161,345	\$(18,005)

Cause

The University failed to meet matching requirements outlined in the grant agreement.

Questioned Costs

For the purpose of this finding, we have questioned the federal costs that were not matched by the University, which totaled \$18,005.

Effect

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

Recommendation

We recommend that the University comply with the matching requirements of the grant agreement.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2004-06 - Allowable Cost	<u>\$700</u>

Federal Program and Specific Federal Award identification

CFDA Title and Number

84.048 Vocational Education-Basic Grants to States
93.859 Biomedical Research and Training

Federal Award Year

June 30, 2004

Federal Agencies

Department of Education
Department of Health and Human Services

Pass-Through Entity

Louisiana Community and Technical College System

Criteria

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

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-06 - Allowable Cost, Continued

Conditions and Perspective

We noted during our audit the following conditions:

- We noted during our audit that indirect costs were calculated incorrectly for the Biomedical Research program. The University used an indirect cost rate of forty-five percent (45%) and an indirect cost base of salaries and fringes. Per the grant agreement, the University should have used an indirect cost rate of eight percent (8%) and an indirect cost base of total direct costs. As such, indirect costs were overstated in the general ledger in the amount of \$6,374. The University has not drawn down funds for the program. Therefore, we have not questioned any costs.
- We noted during our audit that management requested and received reimbursement for individual membership dues for the Carl Perkins Basic Program in the amount of \$700. Institutional memberships are allowable per OMB Circular A-21, Section 28 and Carl Perkins guidelines. However, individual memberships are unallowable.

Cause

The management of the University has not effectively ensured that program costs were allowable per the federal guidelines and indirect costs were calculated in accordance with the grant agreement.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-06 - Allowable Cost, Continued

Questioned Costs

For purpose of this finding, we have questioned cost in the amount of \$700 for the Carl Perkins Program.

Effect

Noncompliance with applicable federal rules and regulations.

Recommendation

We recommend that management of the University adhere to established procedures in reviewing program costs for allowability and to ensure indirect costs are calculated in accordance with the grant agreement.

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

Audit Finding Reference Number

2004-07 - Federal Financial Reports

Federal Program and Specific Federal Award identification

CFDA Title and Number

10.206	Grants for Agricultural Research - Competitive Research Grants
93.859	Biomedical Research and Training
84.033	Federal Work Study (CWS)
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant (SEOG)

Federal Award Year

June 30, 2004

Federal Agencies

Department of Agriculture
Department of Education
Department of Health and Human Services

Pass-Through Entity

Purdue University

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-07 - Federal Financial Reports, Continued

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section L stipulates that reports for federal awards shall include all activity for the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement Part 4, Section L stipulates that cumulative drawdown amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.

Conditions and Perspective

We noted during our audit that certain grant expenditures reported in the federal financial reports submitted during the year ended June 30, 2004 did not agree in total to the University's records as follows:

<u>Grant Name</u>	<u>CFDA/ Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per University's Records</u>	<u>Difference Over (Under)</u>
Temporary Assistance for Needy Families	93.558	\$126,238	\$127,421	\$(1,183)

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-07 - Federal Financial Reports, Continued

Conditions and Perspective, Continued

Additionally, we noted the following conditions:

- Form 272 financial reports were not prepared by the University for the Biomedical Research Grant and the Bone Densitometry as a Diagnostic Tool for Monitoring Osteoporosis in Chickens grant. As of the end of field work, the University has not prepared the Form 272 reports or drawn down any funds for the programs; and
- The University did not properly complete the required Form 269 (Financial Status Report). The University reported expenditures based on the University's fiscal year instead of based on the grant period, as required.

Cause

The University failed to follow established procedures, which require personnel to reconcile amounts per the financial records to the amounts drawn down and prepare financial reports in accordance with federal requirements.

Questioned Costs

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

SCHEDULE II

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS, CONTINUED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
CONTINUED**

Audit Finding Reference Number

2004-07 - Federal Financial Reports, Continued

Effect

It appears that certain federal financial reports contained inaccurate financial information and were not prepared as required by federal requirements.

Recommendation

We recommend that management of the University adhere to established procedures and to ensure that accurate financial information is submitted to the federal government in the future.

**SOUTHERN UNIVERSITY SYSTEM
EXIT CONFERENCE**

An exit conference was held with representatives of the University. Those individuals participating were as follows:

SOUTHERN UNIVERSITY SYSTEM

Dr. Edward R. Jackson	-- Chancellor - SUBR
Mr. Tolor E. White	-- System Vice President for Finance and Business Affairs and Comptroller
Dr. Ralph Slaughter, CPA	-- System Vice President Administration and Management
Mr. Flandus McClinton, Jr., CPA	-- Vice Chancellor for Finance and Administration
Dr. C. Norman St. Amant	-- Vice Chancellor of Enrollment Management
Ms. Gwen Bennett, CPA	-- Associate Vice Chancellor
Mr. Mark Trapania, CPA	-- Director of Internal Audit
Ms. Linda Catalon	-- Office of Internal Audit
Mr. Phillip W.W.D. Rodgers, Sr.	-- Director of Financial Aid-SUBR
Dr. Press L. Robinson	-- Chancellor-SUNO
Ms. Gloria Thompson, CPA	-- Vice Chancellor of Administration SUNO
Dr. Gerald Williams	-- Comptroller - SUNO
Dr. Ray Belton	-- Chancellor-SUSBO
Mr. Benjamin Pugh	-- Vice Chancellor for Fiscal Affairs

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	-- Managing Partner
Mr. Sean M. Bruno, CPA	-- Audit Manager
Mr. Eric Griffin	-- Audit Senior

**SOUTHERN UNIVERSITY SYSTEM
AUDIT INFORMATION SCHEDULE**

Lead Auditor: Bruno & Tervalon LLP
Certified Public Accountants
Michael B. Bruno, CPA, Managing Partner
Sean M. Bruno, Manager

Telephone Number: (504) 284-8733

License Number: L1218

The audit field work was performed between July 1, 2003 and December 12, 2004 at the institutions's facilities as follows:

<u>LOCATION</u>	<u>DESCRIPTION OF FACILITY</u>
Baton Rouge	Main Campus
New Orleans	Branch Campus
Shreveport-Bossier City	Branch Campus

Institution's Accrediting Organization:

Southern Association of Colleges and Schools, and
The National Council for Accreditation of Teacher Education.

The institution utilizes a SFA Servicer:

Campus Partners Servicing Group
2400 Reynoldo Road
Winston-Salem, North Carolina

The following functions are provided by this SFA Servicer:

1. Billing Students - Perkins Loans
2. Collection of Loan principal and interest - Perkins Loans
3. Processing of cancellations and deferments - Perkins 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:

Baton Rouge Campus:	Baton Rouge, Louisiana
New Orleans Campus:	6400 Press Drive New Orleans, Louisiana
Shreveport- Bossier City Campus	3050 Martin Luther King Drive Shreveport, Louisiana



Member
American Institute of
Certified Public Accountants
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' COMMENTS TO MANAGEMENT

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana 70813

We have audited the schedule of expenditures of federal awards (**the Schedule**) of the **Southern University System (SUS)** 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 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 over 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 **Southern University System**.

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.

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
MANAGEMENT LETTER COMMENTS**

1. EXIT COUNSELING

Condition

We noted during our testing that three (3) students out of six (6) tested withdrew from the University but the University did not send the exit counseling documentation to the student within the thirty days after learning that the student withdrew from the University. The Federal regulation requires that the University either perform exit counseling or notify the student that exit counseling is required for any student that either graduate, withdraw, cease to re-enroll or enroll ½ time and receive Direct or Federal Family Education Loans (FFEL).

Recommendation

We recommend that the University adhere to the prescribed federal regulations regarding exit counseling.

2. LOAN CERTIFICATIONS

Condition

We noted during our testing that five (5) students out of fifty-five (55) tested had conflicting information on the loan certifications. The loan certifications are used to package the loans. Any errors in the loan certifications can result in incorrect packaging of loans, which may result in the over-awarding of federal financial aid.

Recommendation

We recommend that the University adhere to the University's procedures in certifying Direct and FFEL loans.

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
MANAGEMENT LETTER COMMENTS, CONTINUED**

3. COST OF ATTENDANCE

Condition

We noted during our testing that thirty (30) students out of fifty-five (55) tested whose cost of attendance did not properly calculate. The miscalculations were the result of conditions such as incorrect dependency status; housing status; and/or number of dependents. The student's cost of attendance budget is vital in the awarding of financial aid and any miscalculations in the cost of attendance could result in the over awarding of federal financial aid.

Recommendation

We recommend that the University consider all factors in more detail in determining the student's cost of attendance budget.

4. COLLEGE WORK-STUDY

We noted the following conditions during our testing of the college work-study program for ten (10) students that were selected for testing:

- One (1) student exceeded their college work-study awarded amount;
- Six (6) students whose hours per the "Daily Work Report" did not properly calculate;
- One (1) student did not have a "Daily Work Report" on file; and
- One (1) student worked during the time that student was scheduled to be in class.

Recommendation

We recommend that the University properly examine the requirements in administering the college work-study program and implement the prescribed procedures.

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
MANAGEMENT LETTER COMMENTS, CONTINUED**

5. RETURN OF TITLE IV FUNDS

We noted during our testing of the Return of Title IV funds calculation the following conditions:

- Four (4) students out of sixteen (16) tested had an incorrect calculation on file; and
- Eleven (11) students out of thirty-eight (38) tested had funds to be returned by the University that were not returned within the prescribed 30 days.

Recommendation

We recommend that management of **the University** ensure Title IV refunds are calculated in accordance with Title IV regulations.

6. SATISFACTORY ACADEMIC PROGRESS - APPEALS COMMITTEE

We noted during our testing of satisfactory academic progress, that there were several lists of students receiving appeals and instances in which students received approval from the financial aid office without going through an appeals committee.

Recommendation

We recommend that the results of all appeal requests be indicated in one document that is approved by the committee. We also recommend that all appeals, even those approved by a sub-committee, be ratified by the full committee.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
MANAGEMENT LETTER COMMENTS**

7. INCORRECT PELL GRANT CALCULATION

We noted during our testing that one (1) student out of sixty (60) tested whose PELL grant amount was incorrect. The University disbursed PELL to the student in excess of the amount allowed for the federal regulations. The Federal regulations require that the disbursement of PELL be based upon the student's cost of attendance, expected family contribution and enrollment status. Those three factors must be analyzed in detail to ensure that the PELL grant disbursement is accurate.

Recommendation

We recommend that the University adhere to the prescribed federal regulations regarding the awarding and disbursing of the PELL grants.

8. RETURN OF TITLE IV FUNDS

We noted the following instances during our testing of the ten (10) students in the Return of Title IV funds calculations:

- Three (3) students whose Title IV funds were not returned by the University within the thirty (30) days of the University's determination of the student's withdrawal;
- One (1) student 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;
- Two (2) students whose Return of Title IV funds calculation was done incorrectly; and
- Three (3) students 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 for two (2) students.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
MANAGEMENT LETTER COMMENTS, CONTINUED**

8. RETURN OF TITLE IV FUNDS, CONTINUED

Recommendation

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

9. COLLEGE WORK-STUDY

We noted the following conditions during our testing of ten (10) students who received college work-study funds:

- Seven (7) students were not paid for all hours worked. This was a result of the student working in excess of the number of hours allowed per day and/or per week as well as working while scheduled to be in class. Although the student may not have been allowed to work according to the University's requirements, the student did work but was not paid;
- Eight (8) students whose monthly time sheet was approved by the supervisor prior to the completion of the hour worked; and
- One (1) student earned wages in excess of the awarded college work-study amount.

Recommendation

We recommend that the University properly examine the requirements in administering the college work-study program and implement the prescribed procedures.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS, CONTINUED
MANAGEMENT LETTER COMMENTS, CONTINUED**

10. ELIGIBILITY

We noted during our testing that one (1) dependent student out of sixty (60) tested received an unsubsidized loan without a PLUS loan denial on file. A dependent student is not allowed to receive an unsubsidized loan unless the parent applied for a PLUS loan and was denied. The student was not eligible to receive the unsubsidized loan.

Recommendation

We recommend that the University adhere to the prescribed federal regulations regarding the awarding and disbursing of the unsubsidized loans.

11. SUSPENDED AND DEBARRED CERTIFICATION

We noted during our audit that management of the University failed to obtain suspended and debarred certifications from a sub-recipient. OMB Circular A-133 stipulates that contractors receiving individual awards for \$100,000 or more and all sub-recipients must certify that the organization and its principals are not suspended or debarred.

We recommend that management of the University establish procedures to ensure that applicable sub-recipients provide the related certifications.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS, CONTINUED
MANAGEMENT LETTER COMMENTS, CONTINUED**

12. MONITORING

We noted during our audit that management of the University failed to perform fiscal and programmatic monitoring of a sub-recipient. OMB Circular A-133 stipulates that a pass-through entity is responsible for the monitoring of sub-recipient activities to provide reasonable assurance that the sub-recipient administers federal awards in compliance with the federal requirements.

We recommend that the University ensure that a fiscal and programmatic monitoring system is completely established that would be in compliance with federal requirements and also provide management a comfortable degree of assurance with regard to ensuring that sub-recipients comply with federal regulations.

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
MANAGEMENT LETTER COMMENTS, CONTINUED**

13. COST OF ATTENDANCE BUDGETS

We noted during our audit that two (2) out of fifty (50) students tested cost of attendance budgets were not calculated properly.

We recommend that the University adhere to established procedures and ensure that the cost of attendance budgets are calculated properly.

14. ADMINISTRATIVE COSTS

We noted during our audit that administrative costs per the University records exceeded the maximum administrative cost budget for the Temporary Assistance for Needy Families Program (TANF) in the amount of \$904.

We recommend that the University adhere to established procedures and ensure that administrative costs does not exceed five percent (5%) as prescribed by the grant agreement.

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
MANAGEMENT LETTER COMMENTS**

15. FINANCIAL REPORTS

We noted the following conditions during our audit of federal financial reports:

- For the Carl Perkins programs, expenditures in the amount of \$1,613 were recorded in the general ledger subsequent to the preparation of the final billing to the funding agency. The final billing was not reimbursed by the funding agency. As a result of the noted condition, the University transferred the noted difference into the general fund.
- For the TANF program, the request for reimbursement was prepared utilizing actual and projected expenditures. Therefore when the program was closed out by the University, there were differences in expenditures per the general ledger and the request for reimbursement in the amount of \$1,184. The final billing was not revised by the University and therefore was not reimbursed by the funding agency. As a result of the noted condition, the University transferred the noted difference into the general fund.
- We also noted that the request for reimbursements for the TANF program was not prepared and submitted for review by management of the Department of Fiscal Services of the University.

We recommend that management of the University adhere to established procedures to ensure that accurate financial information is submitted to the funding agency and that the Department of Fiscal Services reviews all financial reports.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

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 **Southern University System**, 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

**Southern University and A& M College
Response to
Schedule of Findings and Questioned Costs**

COMPLIANCE

Audit Finding Reference Number

2004-01 Satisfactory Academic Progress

Condition and Perspective

We noted during our audit that two (2) students out of sixty (60) tested were awarded and received financial aid, although the student did not meet the University's standards for achieving satisfactory academic progress

Cause

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

Questioned Costs

For purposes of the condition relative to the two students, we have questioned costs totaling \$20,587.

Effect

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

Recommendation

We recommend that the University adhere to established policies and procedures as documented in the revised satisfactory academic progress policy and monitor the academic standing of all students prior to awarding student financial aid .

Response:

The University concurs. We will adhere to established policies and procedures documented in the revised satisfactory academic progress policy. In addition, the University will properly monitor all students prior to awarding student financial aid.

**Southern University and A& M College
Response to
Schedule of Findings and Questioned Costs**

Audit Finding Reference Number

2004-02 Eligibility

Condition and Perspective

We noted during our audit that one (1) student out of 10 students tested received Scholarship for Disadvantaged Students (SDS) funds but was not enrolled as a full time student

Cause

The University failed to adhere to established procedures to ensure that the student met eligibility requirements.

Questioned Cost

For purposes of this condition, we have questioned costs totaling \$3,700.

Effect

The University disbursed federal funds only to eligible students.

Recommendation

We recommend that the University adhere to established procedures.

Response

The University concurs. The University will establish additional processes to ensure all students meet eligibility requirements prior to awarding SDS funds.

Southern University and A& M College
Response to
Schedule of Findings and Questioned Costs

Audit Finding Reference Number

2004-03 Student Status Confirmation Report

Conditions and Perspectives

During our audit we noted six (6) students out of thirteen (13) tested had conflicting information between the student's academic transcript and what was reported on the Student Status Confirmation Report.

Cause

The University was unable to accurately report the status of certain students.

Questioned Cost

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

Effect

The University failed to properly and accurately report certain information to the Department of Education.

Recommendation

We recommend that management of the University adhere to established procedures and ensure that the Student Status Confirmation Reports are submitted accurately.

Response

The University concurs. We will establish additional procedures in conjunction with the Clearinghouse to ensure all students required for reporting are identified and reported to the Department of Education within the mandated timeline.

Southern University and A& M College
Response to
Management Letter Comments

1. EXIT COUNSELING

Recommendation

We recommend that the University adhere to the prescribed federal regulations regarding exit counseling

Response

The University will establish additional processes to make certain we adhere to regulations regarding exit counseling.

2. LOAN CERTIFICATIONS

Recommendation

We recommend that the University adhere to the University's procedures in certifying FFEL loans.

Response

The University will implement additional processes to ensure that certification of loans are accurate.

3. COST OF ATTENDANCE

Recommendation

We recommend that the University consider all factors in more detail in determining the students' cost of attendance budgets.

Response

The University will implement a more definite procedure to streamline financial aid budgets for students cost of attendance.

4. **COLLEGE WORK-STUDY**

We recommend that the University properly examine the requirements in administering the college work-study program and implement the prescribed procedures.

Response

The University will implement additional processes to ensure that we adhere to all prescribed procedures within the FCWS program.

5. **RETURN OF TITLE IV FUNDS**

Recommendation

We recommend the management of the University ensure Title IV refunds are calculated in accordance with Title IV regulations.

Response

The University will use the Return of Title IV Funds program calculator developed by the Department of Education to ensure that refunds are calculated in accordance with Title IV regulations.

6. **SATISFACTORY ACADEMIC PROGRESS – APPEALS COMMITTEE**

Recommendation

We recommend that the results of the appeal request be indicated in one document that is approved by the committee. We also recommend that all appeals, even those approved by a sub-committee, be ratified by the full committee.

Response

The University will make certain all appeal decisions are documented in one process and that all appeal decisions are ratified by the full committee.

SOUTHERN UNIVERSITY AT NEW ORLEANS
 STATUS REPORT
 FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
 FOR THE YEAR ENDED JUNE 30, 2004

February 3, 2005

AUDIT FINDING	CORRECTIVE ACTION	PROJECTED COMPLETION DATE	CONTACT PERSON																				
<p>AUDIT FINDINGS</p> <p>2004-04 Allowable Costs</p> <p>The University improperly billed and received indirect costs for the Biomedical Research program as follows:</p> <table border="0"> <tr> <td>Indirect</td> <td>Base</td> <td>IDC</td> <td></td> </tr> <tr> <td><u>Cost Base</u></td> <td><u>Amount</u></td> <td><u>Rate</u></td> <td></td> </tr> <tr> <td>Salaries</td> <td>\$44,723</td> <td>39%</td> <td></td> </tr> <tr> <td><u>IDC</u></td> <td><u>Per G/L</u></td> <td><u>Difference</u></td> <td></td> </tr> <tr> <td>\$17,442</td> <td>\$20,692</td> <td>\$3,250</td> <td></td> </tr> </table>	Indirect	Base	IDC		<u>Cost Base</u>	<u>Amount</u>	<u>Rate</u>		Salaries	\$44,723	39%		<u>IDC</u>	<u>Per G/L</u>	<u>Difference</u>		\$17,442	\$20,692	\$3,250		<p><u>Cause</u></p> <p>The University calculated indirect cost before final year end adjustments were made.</p> <p><u>Proposed Corrective Action</u></p> <p>The Associate Comptroller will review and sign all invoices to verify the accuracy of the information being reported.</p>	<p>February 1, 2005</p>	<p>Dr. Gerald Williams, Comptroller; Mr. Woodie White, Associate Comptroller; Mrs. Shawn Gulley, Chief Accountant; Mrs. Laurie Landry, Accountant</p>
Indirect	Base	IDC																					
<u>Cost Base</u>	<u>Amount</u>	<u>Rate</u>																					
Salaries	\$44,723	39%																					
<u>IDC</u>	<u>Per G/L</u>	<u>Difference</u>																					
\$17,442	\$20,692	\$3,250																					
<p>2004-05 Matching</p> <p>The University failed to meet matching requirements stipulated in the grant agreement for the period July 1, 2003 through June 30, 2004.</p>	<p><u>Cause</u></p> <p>The University matched total personnel cost instead of total project costs.</p>	<p>February 1, 2005</p>	<p>Dr. Gerald Williams, Comptroller; Mr. Woodie White, Associate Comptroller; Mrs. Shawn Gulley, Chief Accountant; Mrs. Laurie Landry, Accountant</p>																				

**SOUTHERN UNIVERSITY AT NEW ORLEANS
STATUS REPORT
FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

February 3, 2005

<p>Matching Per Matching Cost Report Requirement Difference</p> <p>\$143,340 \$161,345 (\$18,005)</p>	<p><u>Proposed Corrective Action</u></p> <p>The Associate Comptroller will review and sign all invoices to verify the accuracy of the information being reported.</p>	<p>February 28, 2005</p> <p style="text-align: right;">Ursula Shorty, Financial Aid Director</p>
<p>MANAGEMENT LETTER COMMENTS</p> <p><u>7. INCORRECT PELL GRANT CALCULATION</u></p> <p>One (1) student out of sixty (60) tested whose PELL grant amount was incorrect. The University disbursed PELL to the student in excess of the amount allowed for the federal regulations. The Federal regulations require that the disbursement of PELL be based upon the student's cost of attendance, expected family contribution and enrollment status. Those three factors must be analyzed in detail to ensure that the PELL grant disbursement is accurate.</p>	<p>The university will adhere to the prescribed federal regulations regarding the awarding and disbursing of Pell grants.</p>	

SOUTHERN UNIVERSITY AT NEW ORLEANS
 STATUS REPORT
 FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
 FOR THE YEAR ENDED JUNE 30, 2004

February 3, 2005

<p>8. <u>RETURN OF TITLE IV FUNDS</u></p> <p>The IA noted the following instances during testing of the ten (10) students in the Return of Title IV funds calculations:</p> <ul style="list-style-type: none"> • Three (3) students whose Title IV funds were not returned by the University within the thirty (30) days of the University's determination of the student's withdrawal; • One (1) student 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; • Two (2) students whose Return of Title IV funds calculation was done incorrectly; and • Three (3) students 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 for two (2) students. 	<p><u>Cause</u></p> <p>The Comptroller's Office did not verify the report of students withdrawing with the Registrar's Office.</p> <p><u>Corrective Action</u></p> <p>The Chief Accountant will verify the withdrawal report with the Registrar.</p>	<p style="text-align: center;">February 1, 2005</p>	<p>Dr. Gerald Williams, Comptroller; Mr. Woodie White, Associate Comptroller; Mrs. Shawn Gulley, Chief Accountant; Ms. Gladys Allen, Registrar</p>
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SOUTHERN UNIVERSITY AT NEW ORLEANS
 STATUS REPORT
 FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
 FOR THE YEAR ENDED JUNE 30, 2004

February 3, 2005

<p><u>9. COLLEGE WORK-STUDY</u></p> <p>The IA noted the following conditions during our testing of ten (10) students who received college work-study funds:</p> <ul style="list-style-type: none"> • Seven (7) students were not paid for all hours worked. This was a result of the student working in excess of the number of hours allowed per day and/or per week as well as working while scheduled to be in class. Although the student may not have been allowed to work according to the University's requirements, the student did work but was not paid; • Eight (8) students whose monthly time sheet was approved by the supervisor prior to the completion of the hour worked; and • One (1) student earned wages in excess of the awarded college work-study amount. 	<p>The university will properly examine the requirements in administering the college work-study program and implement the prescribed procedures.</p>	<p>February 28, 2005</p>	<p>Ursula Shorty, Financial Aid Director</p>
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**SOUTHERN UNIVERSITY AT NEW ORLEANS
STATUS REPORT
FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

February 3, 2005

<p><u>10. ELIGIBILITY</u></p> <p>The IA noted during testing that one (1) dependent student out of sixty (60) tested received an unsubsidized loan without a PLUS loan denial on file. A dependent student is not allowed to receive an unsubsidized loan unless the parent applied for a PLUS loan and was denied. The student was not eligible to receive the unsubsidized loan.</p>	<p>The university will adhere to the prescribed Federal regulations regarding the awarding and disbursing of unsubsidized loans.</p>	<p>February 28, 2005</p>	<p>Ursula Shorty, Financial Aid Director</p>
<p><u>11. SUSPENDED AND DEBARRED CERTIFICATION</u></p> <p>Management of the University failed to obtain suspended and debarred certifications from a sub-recipient. OMB Circular A-133 stipulates that contractors receiving individual awards for \$100,000 or more and all sub-recipients must certify that the organization and its principals are not suspended or debarred.</p>	<p>The University has established procedures to ensure that contractors receiving individual awards for \$100,000 or more and all sub-recipients provide suspended and debarred certifications, in accordance with the requirements in OMB Circular A-133.</p>	<p>February 2, 2005</p>	<p>Whitney Barcone, Budget Manager; Carolyn Rainey, Director of Purchasing</p>

**SOUTHERN UNIVERSITY AT NEW ORLEANS
STATUS REPORT
FEDERAL AWARDS FINANCIAL AND COMPLIANCE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

February 3, 2005

<p><u>12. MONITORING</u></p> <p>Management of the University failed to perform fiscal and programmatic monitoring of a sub-recipient. OMB Circular A-133 stipulates that a pass-through entity is responsible for the monitoring of sub-recipient activities to provide reasonable assurance that the sub-recipient administers federal awards in compliance with the federal requirements.</p>	<p>The University has ensured that fiscal and programmatic monitoring of sub-recipients is performed by the Budget Manager, Project Director and Comptroller's Office. Payments to sub-recipients are based on monitoring and compliance reviews by the above-mentioned entities.</p>	<p>January 1, 2005</p>	<p>Whitney Barconey, Budget Manager; Reneé Johnson, Director of Internal Audit</p>
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Southern University-Shreveport

Responses to Single Audit for the Year Ended June 30, 2004

2004-06 Allowable Cost

Condition and Perspective

We noted during our audit the following condition:

We noted during our audit that indirect costs were calculated incorrectly for the Biomedical Research program. The University used an indirect cost rate of forty-five percent (45%) and an indirect cost base of salaries and fringes. Per the grant agreement, the University should have used an indirect cost rate of eight percent (8%) and an indirect cost base of total direct costs. As such, indirect costs were overstated in the general ledger in the amount of \$6,374. The University has not drawn down funds for the program. Therefore, we have not questioned any costs.

We noted during our audit that management requested and received reimbursement for individual membership dues for the Carl Perkins Basic Program in the amount \$700. Institutional memberships are allowable per OMB Circular A-21, Section 28 and Carl Perkins guidelines. However, individual memberships are unallowable.

Response:

Southern-Shreveport assumed responsibility for grant accounting in October of 2003 from the Baton Rouge Campus. The University has reviewed its procedures to ensure that program cost are allowable per federal guidelines and indirect cost are calculated in accordance with the grant agreement.

We have also requested and scheduled additional training from the Baton Rouge campus Comptroller's Office.

Southern University-Shreveport Response to Single Audit for the Years Ended June 30, 2004

2004-07 Federal Financial Report

Condition and Perspective

We noted during our audit that certain grant expenditures reported in the federal financial reports submitted during the year ended June 30, 2004 did not agree in total to the University's records as follows:

<u>Grant Name</u>	<u>CFDA/ Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per University's Records</u>	<u>Difference Over Under</u>
Temporary Assistance for Needy Families	93.558	\$126,238	\$127,421	\$(1,183)

Additionally, we noted the following conditions:

Form 272 financial reports were not prepared by the University for the Biomedical Research Grant and the Bone Densitometry as a Diagnostic Tool for Monitoring Osteoporosis in Chickens grant. As of the end of field work, the University has not prepared the Form 272 reports or drawn down any funds for the programs; and

The University did not properly complete the required Form 269 (Financial Status Report). The University reported expenditures based on the University's fiscal year instead of based on the grant period, as required.

Response:

The University has reviewed procedures, which require reconciliation of draw down amounts to applicable financial records.

Financial reports will also be reviewed by supervisory personnel to ensure accordance with federal requirements.

Supplemental training of grant personnel by Baton Rouge campus Comptroller's office staff has also been requested and scheduled.

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
MANAGEMENT LETTER COMMENTS CONTINUED**

13. COST OF ATTENDANCE BUDGETS:

We noted during our audit that two (2) out of fifty (50) students tested cost-of-attendance budgets were not calculated properly.

We recommend that the University adhere to established procedures and ensure that the cost-of-attendance budgets are calculated properly.

RESPONSE:

Southern University – Shreveport has added additional staffing in the Financial Aid Office to ensure that student's cost-of-attendance budgets are calculated properly and established procedures are followed.

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
MANAGEMENT LETTER COMMENTS CONTINUED**

14. ADMINISTRATIVE COSTS:

We noted during our audit that administrative costs per the University records exceeded the maximum administrative cost budget for the Temporary Assistance for Needy Families Program (TANF) in the amount of \$904.

We recommend that the University adhere to established procedures and ensure that administrative costs does not exceed five percent (5%) as prescribed by the grant agreement.

RESPONSE:

Southern University – Shreveport assumed responsibility from the Baton Rouge campus for grant accounting and administration in October, 2003. The Baton Rouge campus has agreed to provide additional training to ensure adherence to established procedures and correct accounts calculation of administrative costs as prescribed by the grant agreement.

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT CAMPUS
MANAGEMENT LETTER COMMENTS CONTINUED**

15. FINANCIAL REPORTS:

We noted the following conditions during our audit of federal financial reports:

- For the Carl Perkins programs, expenditures in the amount of \$1,613 were recorded in the general ledger subsequent to the preparation of the final billing to the funding agency. The final billing was not reimbursed by the funding agency. As a result of the noted condition, the University transferred this noted difference into the general fund.
- For the TANF program, the request for reimbursement was prepared utilizing actual and projected expenditures. Therefore, when the program was closed out by the University, there were differences in expenditures per the general ledger and the request for reimbursement the amount of \$1,184. the final billing was not revised by the university and, therefore, was not reimbursed by the funding agency. as a result of the noted condition, the University transferred the noted difference into the general fund.
- We also noted that the request for reimbursements for the TANF Program was not prepared and submitted for review by management of the Department of Fiscal Services of the University.

We recommend that management of the University adhere to established procedures to ensure that accurate financial information is submitted to the funding agency and that the Department of Fiscal Services reviews all financial reports.

RESPONSE:

Southern University – Shreveport has notified all grant directors and principal investigators to direct all fiscal reports to the Business Office for preparation/review.

Procedures will also be reviewed to ensure the accuracy of financial information submitted to funding agencies.

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: _____

For the Year Ended June 30, 2004

Finding Title: Return of Title IV Funds

Reference Number(s): F-01-ED-SUBR-3
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2001

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 2,692

Status of Questioned Costs (check one): Resolved: N/A Unresolved: _____

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

Page Number (from Single Audit Report): 87

Program Name(s): FFEL & Federal PELL

Federal Grantor Agency: U S Department of Education

CFDA Number(s): CFDA 84.063 and CFDA 84.032

Status of Finding (check one):

Fully Corrected X 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 University has updated our procedures and processing times for calculation of the Title IV Return of Funds due when students withdraw from the University. The updated procedures have been implemented to ensure the calculations and return of Title IV Funds are in compliance beginning with the 2003-2004 award year. The University has begun using the auto-debit process to assist in the timely return of funds.

In addition, a fiscal administration functional department has been established in the Office of Student Financial Aid to monitor the timely notification of grant overpayments.

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: Durinda Gray

Phone Number: (225) 771-2811

**SCHEDULE B-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: _____

For the Year Ended June 30, 2004

Finding Title: Return of Title IV Funds

Reference Number(s): F-02-ED-SUBR-2
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2002

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0

Status of Questioned Costs (check one): Resolved: N/A Unresolved: _____

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

Page Number (from Single Audit Report): 116

Program Name(s): FFEL & Federal PELL

Federal Grantor Agency: U S Department of Education

CFDA Number(s): CFDA 84.063 and CFDA 84.032

Status of Finding (check one):

Fully Corrected X

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 University has updated our procedures and processing times for calculation of the Title IV Return of Funds due when students withdraw from the University. The updated procedures have been implemented to ensure the calculations and return of Title IV Funds are in compliance beginning with the 2003-2004 award year. The University has begun using the auto-debit process to assist in the timely return of funds.

In addition, a fiscal administration functional department has been established in the Office of Student Financial Aid to monitor the timely notification of grant overpayments.

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: *Debra Ann Gray*

Phone Number: (225) 771-2811

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

For the Year Ended June 30, 2004

Finding Title: Aid Exceeded Documented Need

Reference Number(s): F-03-ED-SUBR-1
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2003

Initial Year of Finding: 2003

Amount of Questioned Costs in Finding: \$3,426.00

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

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

Full amount of aid exceed was returned and fully funded to the U.S. Department of
Education.

Page Number (from Single Audit Report): 84

Program Name(s): Federal Student Aid

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): _____

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	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):

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: *Phyllis ...*

Phone Number: 225-771-2012

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Southern University at New Orleans

For the Year Ended June 30, 2004

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-01-ED-SUNO-4
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$19,915

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

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

Funds were returned as followed Pell Grant \$10,850; FCWS \$1,208; and FFEL Funds \$7,857.

Page Number (from Single Audit Report): 90

Program Name(s): FSEOG; Federal Family Educational & Federal Direct Student Loans

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.007; 84:032; 84.063

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 University has revised published and implemented its satisfactory academic progress policy to include standards as prescribe by the Title IV regulations and is consistently monitoring the application of the revised policy.

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: Gladys Allen / gat
Phone Number: (504) 286-5230

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:

For the Year Ended June 30, 2004

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-02-ED-SUSH-2
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2002

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 7,448

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

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

The university has remitted payment in full to the Department of Education relative to these questioned cost.

Page Number (from Single Audit Report): 121

Program Name(s): Student Financial Assistance Cluster

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.063; 84.268

Status of Finding (check one):

Fully Corrected
Partially Corrected
Change of Corrective Action

Not Corrected
No Further Action Needed
(See OMB A-133 Section 315(b)(4))

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

The university has reviewed its internal procedures regarding obtaining documentation for students selected for verification. Additionally, the new Financial Aid Director has conducted intensive training workshops with counselors to ensure adherence to established procedures regarding verification.

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: Benjamin W. Pugh *Ben Pugh 8/25/04*

Phone Number: (318) 674-3481

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: _____

For the Year Ended June 30, 2004

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-02-ED-SUSH-2
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2002

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 11,887

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

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

The university has remitted payment in full to the Department of Education relative to these questioned cost.

Page Number (from Single Audit Report): 120

Program Name(s): Student Financial Assistance Cluster

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.007; 84.033; 84.063; 84.268

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<input checked="" type="checkbox"/>	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 university has revised its Satisfactory Academic Progress (SAP) policy to include a provision regarding the related hours attempted by students that subsequently represent class withdrawals as indicated by our auditors. This policy revision will ensure compliance with federal regulations relative to the university's SAP policy and strengthen established policies and procedures designed to monitor the academic standing of all students prior to awarding student financial aid.

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: Benjamin W. Pugh *Ben Pugh 8/25/04*

Phone Number: (318) 674-3481

**SCHEDULE B-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: _____

For the Year Ended June 30, 2004

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-02-ED-SUSH-4
(from attached schedule of findings, may include more than one)

Single Audit Report Year: 2002

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 12,412

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

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
Funds were refunded to Federal government and loan services.

Page Number (from Single Audit Report): 97

Program Name(s): Student Financial Assistance Cluster

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.007; 84.033; 84.063; 84.268

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 university has revised its Satisfactory Academic Progress (SAP) policy to include a provision regarding the related hours attempted by students that subsequently represent class withdrawals as indicated by our auditors. This policy revision will ensure compliance with federal regulations relative to the university's SAP policy and strengthen established policies and procedures designed to monitor the academic standing of all students prior to awarding student financial aid.

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: Benjamin W. Pugh *Ben Pugh 8/25/04*

Phone Number: (318) 674-3481