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OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

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GRAMBLING STATE UNIVERSITY

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SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 1998

under provisions of state law, this report is a public document. A copy of this report shall be provided to the chief executive officer, chief financial officer, chief operating officer, and chief administrative officer for public inspection at the State House office of the Comptroller Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 15 1999

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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

Dr. Steve Farnam, President
Grambling State University
Grambling, Louisiana 71245

We have audited the accompanying Schedule of Expenditures of Federal Awards of Grambling State University for the year ended June 30, 1998. The Schedule of Expenditures of Federal Awards is the responsibility of the management of Grambling State University. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of the University's component unit financial statements for the year ended June 30, 1998. The component unit financial statements are audited by other independent auditors.

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

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998**

FEDERAL GRANT/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Agriculture			
<i>Award from a State-Through Entity</i> <i>Through: State of Louisiana's Department</i> <i>of Education</i>	160588	L006-88789-88	\$ 39,499
<i>Child and Adult Care Food Program</i> <i>Through: National Youth Sports Program</i> <i>Child and Adult Care Food Program</i>	160588	L006-88789-02	2,131
Total U.S. Department of Agriculture			<u>41,630</u>
U.S. Department of Defense			
<i>Award from a State-Through Entity</i> <i>Through: Northern Crossroads</i> <i>Department of Defense High Performance</i> <i>Competing Program</i>	N/A	0098C-884197-344	147,456
Total U.S. Department of Defense			<u>147,456</u>

The accompanying items are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of the Army			
<i>Direct Awards</i>			
U.S. Army ROTC Cadet Command	DA8780-86-F-0491	-----	\$ 34,016
<i>Amount from a Donor Recipient Activity</i>			
Through - Louisiana Tech University Development of a Center for Advanced ModelMark Process	N/A	DA44104-86-0209	2,898
Integrating Research Results from Parallel and Distributed Computing	N/A	DA44-301-87-2-0159	20,418
<i>Research and Development Clinics</i>			
<i>Direct Awards</i>			
Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributed Interactive Simulation Technology	DA-4084-85-1-0250	-----	1,088,662
Total U.S. Department of the Army			1,079,295

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANT/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of the Navy			
Direct Awards Basic and Applied Scientific Research	32-100	----	\$ 268,898
Total U.S. Department of the Navy			
U.S. Department of Housing and Urban Development			
Direct Awards HUD/Historically Black College Grant	89488LA0001	----	21,294
Total U.S. Department of Housing and Urban Development			
U.S. Department of the Interior			
Direct Awards Ecological Survey - Research and Data Acquisition	15-088	----	21,519
Admin. Grants Great Lakes Sport Fish Restoration	15-085	-----	4,829
Total U.S. Department of the Interior			

The accompanying notes are an integral part of this Schedule.

CLAREMONT STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Justice			
<i>Obit Awards</i> Cape Universal Hiring Program	LA0170000	-----	\$ 20,912
Total U.S. Department of Justice			
National Aeronautics and Space Administration			
<i>Awards from a Pass-Through Entity</i> Thursly - Howard University CSTEA SBIR/STTR Academic Research Consortium	NA	63462A	19,591
Research and Development Grants			
<i>Direct Awards</i> Polymerizable Myosin: Biosensors	90CD-012	-----	58,198
<i>Awards from a Pass-Through Entity</i> Thursly - New Mexico Highlands University NUG Polymerase Thermostable Enhanced Thermal Stability	NA	NA408-1993	49,080
Total National Aeronautics and Space Administration			

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
National Science Foundation			
<i>Award from a Direct Through Entity</i>			
<i>Through: National Science Foundation/Louisiana</i>			
<i>Educational Quality Support Fund</i>			
Louisiana Alliance for Minority Participants	*****	NSF-LDC087(1995-00-02)	5 117,289
Teaching Scholars	*****	DBR-833481-81-2EAP-03	14,132
Joint Faculty Appointments Program	-----	NSF-LDC08F (1995-1996)	170,994
Center for Training, Application in Molecular Technology	*****	NSFIDA-94-14-389	1,421
Through: Louisiana Tech			
CSU CBE Educational Entry Structure			<u>263,824</u>
Total National Science Foundation			

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANT/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Energy			
<i>Research and Development Center</i>			
Direct awards			
Investigation of Spokes Interaction	DE-FG02-93-DE000623	-----	\$ 5,813
<i>Alcohol from a Plant Through Cells</i>			
Through Xavier University of Louisiana	N/A	DE-FG02-96PC06229	12,711
<i>Magnets - Chemical Character Studies</i>			
Through University of Southern Louisiana	N/A	DOE/DE-FG02-96PC06140	24,402
High Energy Ion Beams			
Total U.S. Department of Energy			<u>42,926</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL GRANT OR PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Education			
<i>Elementary</i>			
Higher Education - Institutional Aid	84-031	-----	\$ 1,095,100
Trib - Student Support Service	84-042	-----	171,460
Trib - Upward Bound	84-047	-----	405,500
Minority Science Improvement	84-120	-----	143,996
			2,699,152
Sub-total			
<i>Student Financial Assistance Cluster</i>			
<i>Elementary</i>			
Federal Employment, Educational Opportunity Grants	84-087	-----	954,448
Federal Family Education Loans	84-002	-----	27,981,919
Federal Work-Study Program	84-005	-----	825,844
Federal Pell Grant Program	84-062	-----	1,811,266
			28,553,377
Sub-total - Student Financial Assistance Cluster			
Total U.S. Department of Education			41,251,528

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1994

FEDERAL GRANT OR CONTRACT NUMBER	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Health and Human Services			
<i>Alcohol Abuse</i>			
Alcohol Research Program	95-371	---	\$ 41,195
Mental Health National Research Service Awards	99-282	---	198,911
CHLW Welfare Research and Demonstration Grant	95-688	---	4,317
Fellowship for Minority Areas in Biostatistics	2825-99-01177-02	---	89,199
NIHDC Program at Consulting	55-1660-04-931-08	---	182,878
<i>Alcohol Abuse, Drug Abuse/Alcohol</i>			
Through Louisiana State University, Medical Center Health Career Opportunity Program	N/A	CFW6315048	99,379
Through Louisiana Department of Social Service CHLW Welfare Training Grant	N/A	CFW6315782	41,362
Total U.S. Department of Health and Human Services			
691,212			
<i>Competition for National and Community Service</i>			
through Great Plains Alcohol Abuse Through Northern Louisiana Delta Community Development Corporation			
Northeast Louisiana Delta Grant	N/A		19,832
Total Competition for National and Community Service			
19,832			
TOTAL EXPENDITURES OF FEDERAL AWARDS			
811,044			

The accompanying notes are an integral part of this Schedule.

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

NOTE 1 - General

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

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

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

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

The University has an enrollment of approximately 3,454 students during the Spring 1998 and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education.

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

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

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

NOTE 1 - (General) Continued

Grambling State University is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the Department of Health and Human Services, the State of Louisiana and other agencies to assist in achieving a higher level of learning for its student body. Total direct federal and federal awards passed through other agencies amounted to more than \$44,126,899 for the fiscal year July 1, 1997 through June 30, 1998. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$38,253,377 and includes loans to students under the Federal Family Education Loan Program which totaled \$27,981,919.

Student Financial Aid

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

o **Perkins Loan Program (formerly NDSSL)**

The University entered into an agreement to establish a NDSSL program under the National Defense Education Act of 1958, which was transferred in 1972 to Title IV Part 674 of the Higher Education Act of 1965. Beginning with the 1987-88 award year, the NDSSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. The records of the institution indicate that loans aggregating \$7,606,186 have been made to 8,778 students since the establishment of the program at the institution.

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

NOTE 1 - General, Continued:

• **Nursing Student Loan Program (NSL)**

The University entered into an agreement with the U.S. Department of Health and Human Services to establish a Nursing Student loan program. The records of the institution indicate that loans aggregating \$367,941 have been made to students. The University's participation in the Nursing Student Loan program was terminated due to the high default rate.

• **Federal Work Study Program**

The University established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 1998, federal expenditures totaled \$823,666, of which \$39,221 was for administrative costs and \$784,423 for wages.

The University elected and received approval from the Department of Education to waive the institutional matching requirement for the Federal Work Study program's approved funding level for the fiscal year ended June 30, 1998. The University was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

• **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, 1998, awards made from Federal funds aggregated \$891,855 and the University recorded indirect costs of \$44,573.

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

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

NOTE 1 - General, Continued:

o Federal Pell Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal Pell Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$4,811,366 was expended for Federal Pell Grant awards to full-time and part-time students. The University received an administrative cost reimbursement of \$21,315.

o Federal Family Education Loan Program

The Federal Family Education Loan program enables eligible undergraduate students to borrow directly from a bank or other lending institution. During the current year, approximately \$27,981,819 was disbursed to students under the Federal Family Education Loan program. The Federal Family Education Loan Program's Cohort default rate exceeds is 16.2 percent. As such, the University has developed and implemented a Default Management Plan to reduce the default rate among students.

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

NOTE 2 - Basis of Presentation and Accounting:

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

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

NOTE 2 - Basis of Presentation and Accounting, Continued:

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of **Grambling State University** for the year ended **June 30, 1998** which have been financed principally by the U. S. Government (federal awards). For purposes of the schedule, federal awards include all Federal assistance and procurement relationships entered into directly between the University and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures, and other changes of the University.

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

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

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

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

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

The University made loans to students of \$73,312 during the year ended June 30, 1998 using nonprogrammed funds. The Program is financed by contributions from the Department of Education which are matched, at a ratio of one-to-three, by contributions from the University. However, the University will not receive federal capital contributions since the University's default rate exceeds 30%. Strategies specified in the Default Management Plan will be implemented for the Federal Parks Loan program in order to lower the default rate. In addition, the University will implement the following strategies:

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

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

Analysis of Contributions

Funding Source	Period from Inception to June 30, 1998	For the Year Ended June 30, 1998
Federal	\$3,737,084	\$-
University	<u>415,232</u>	<u>0</u>
Total	<u>\$4,152,316</u>	<u>\$0</u>

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

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

Analysis of Loans Receivable

	Period from Inception to June 30, 1998	For the Year Ended June 30, 1998
Balance, beginning of period/year	\$ -0-	\$1,988,914
Funds advanced	2,606,186	25,332
Total	2,606,186	2,014,246
Less:		
Collections	1,144,902	80,112
Cancellations:		
Teaching service	688,755	3,385
Deaths	35,826	-0-
Bankruptcy	72,596	484
Military	225	-0-
Defaulted loan principal assigned to Federal		
Government	1,319,672	-0-
Rejected payments	7,318	-0-
Other principal adjustments	346,917	250
Total credits	3,614,021	84,128
Balance, June 30, 1998	\$1,990,025	\$1,990,025

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

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

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

The University did not make any loans to students for the year ended June 30, 1998.

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

Analysis of Contributions

Funding Source	Period from Inception to June 30, 1998	For the Year Ended June 30, 1998
Federal	\$318,176	\$-0-
University	____35,353	____0-
Total	\$353,529	\$-0-

Analysis of Payments

Funding Source

Federal	\$44,457	\$44,457
University	____0-	____0-
Total	\$44,457	\$44,457

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

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

Analysis of Loans Receivable

	Period from Inception to June 30, 1998	For the Year Ended June 30, 1998
Balance, beginning of period/year	\$ -0-	\$319,561
Funds advanced	367,941	—
Total	367,941	319,561
Less: collections	(63,810)	(15,438)
Balance, June 30, 1998	\$304,131	\$304,131

NOTE 4 - Department of Education Loan:

The University of Louisiana System Board of Trustees has signed a loan agreement, on behalf of the University, with the U.S. Secretary of Education in the amount of \$3,590,890. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 7% per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 1998, the outstanding loan balance is \$3,152,850. Payments totaling \$81,351 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

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

NOTE 5 - Supplementary Financial Information:

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

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

The Schedule of Changes in Fund Balance for the Perkins Loan Program summarizes the activity relative to the Program for the year ended June 30, 1998.

The Schedule of Changes in Fund Balance for the Nursing Student Loan Program summarizes the activity relative to the Program for the year ended June 30, 1998.

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

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

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

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

NOTE 6 - Contingencies

Participation in Grant Programs

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

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

During the year ended June 30, 1997, the U. S. Department of Education issued a determination with regard to the year ended June 30, 1995 and a program review report for the years ended June 30, 1996 and 1997 that required the University to review its adherence to certain laws and regulations pertinent to student financial aid. The Internal Audit Department of the University was assigned the responsibility to perform the review. As a result, it was determined by the Internal Auditor that approximately \$213,369 and \$491,990 of financial aid had been possibly disbursed to ineligible students for the years ended June 30, 1995 and 1996-1997, respectively.

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

NOTE 6 - Contingencies, Continued:

Participation in Grant Programs, Continued

During the year ended June 30, 1998, the University received a notification from the Department of Education that a monetary liability of \$75,206 was assessed with regard to the June 30, 1995 year. This amount was paid prior to June 30, 1998.

On July 22, 1998, the University received a final determination from the U.S. Department of Education for the 1996-1997 year which indicated that certain findings were considered closed based upon corrective actions taken by the University. However, the U.S. Department of Education assessed a monetary liability for two findings totaling \$342,566, which is required to be repaid within forty-five days of the determination.

NOTE 7 - Major Federal Financial Assistance Programs:

Grambling State University major federal financial assistance programs for the year ended June 30, 1998 were determined on a state level based upon program activity. Such programs are the Student Financial Assistance Cluster, Fish and Wildlife Grants and the Research and Development Cluster.

SUPPLEMENTAL DATA

SCHEDULE I

GRAMBLING STATE UNIVERSITY
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 1995

Program Name/Title	Federal (CIDA, FID)	Loans Made or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
Federal Family Education Loan Program	\$4,650	\$27,881,000	N/A	N/A
F Perkins Loan Program	\$4,658	\$ 75,322	\$1,808,092	N/A
Working Student Loan Program	\$3,364	\$ 8,000	\$ 204,121	N/A
College Housing and other Facilities Loans	\$4,140	N/A	\$1,406,000	N/A
National Defense/ Perkins Loans: Military and Teacher Conventions For Loans Made:				
Prior to July 1, 1972	\$4,007	N/A	N/A	\$ 349
After July 1, 1972	\$4,007	N/A	N/A	\$2,982
Department of Education - Housing Act of 1990	—	N/A	\$1,352,612	N/A

See the Independent Auditor's Report on Supplementary Information.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FIXED PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 1998

Program/Name	GUAA No.	Quarter	Period	Revenues
(1)	(1)	(1)	(1)	(1)

- (1) Grambling State University did not receive any revenues under the terms of fixed-price contracts during the year ended June 30, 1998.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III

GRAMBLING STATE UNIVERSITY
PERKINS LOAN PROGRAM
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1998

Additions:	
Accrued interest and interest collected on loans	\$ 20,568
Interest on defaulted loans and loans cancelled	537
Other income adjustment	<u>(28,883)</u>
Total additions	<u>(14,381)</u>
Deductions:	
Loans principal and interest cancelled:	
Teacher service	1,791
Bankruptcy	525
Administrative	1,744
Other collection costs	7,168
Provision for doubtful accounts	<u>608,563</u>
Total deductions	<u>620,591</u>
Net decrease for year	(637,352)
Fund balance, beginning of year	1,154,073
Fund balance, end of year	\$ <u>516,325</u>

See the Independent Auditor's Report on Supplementary Information.

SCHEDULE IV

GRANDLINC STATE UNIVERSITY
NURSING STUDENT LOAN PROGRAM
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1998

<i>Additions:</i>	
Interest collected on loans	\$ 3,394
Other income	<u>387</u>
Total additions	<u>3,981</u>
<i>Deductions:</i>	
Other costs and losses	-0-
Repayment to federal government	<u>44,432</u>
Total adjustments	<u>44,432</u>
Net decrease for year	(40,476)
Fund balance, beginning of year	<u>355,548</u>
Fund balance, end of year	<u>\$325,072</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF NON-FEDERAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1998**

PROGRAM NAME	CFDA NUMBER	AWARD PERIOD	EXPENDITURES
OTHER EXPENDITURES			
National Youth Sports Programs	N/A	06/08/97-07/01/97	\$ 17,845
Math and Science-NCAA	N/A	07/01/97-06/30/98	75,960
Academic Enhancements-NCAA	N/A	07/01/97-06/30/98	35,300
President's Scholarship Program	N/A	07/01/97-06/30/98	250,000
Academic Enhancement Program	N/A	07/01/97-06/30/98	25,538
Endowment Account	N/A	06/29/97-06/30/98	28,000
LECAF-Graduate Recruitment	N/A	07/01/97-06/30/98	78,333
Student Accounts	N/A	07/01/97-06/30/98	143,744
Act 977-Facilities	N/A	07/01/97-06/30/98	985,278
Restricted Agency Accounts	N/A	07/01/97-06/30/98	1,294,915
Designation-Consent Decree	N/A	07/01/97-06/30/98	62,678
Department of Athletics Fund	N/A	07/01/97-06/30/98	17,421
LA Department of Economic Development-State of Louisiana	N/A	07/01/97-06/30/98	61,338
Other Private Grants, Subsidies, etc.	N/A	07/01/97-06/30/98	6,709
Art's Termination - Department of State Bureau of Diplomatic Security	N/A	07/06/97-06/30/98	5,482
Clatsop Parish Workforce Commission Grant	N/A	07/01/97-06/30/98	6,782
Governor's Office of Life Long Learning	N/A	07/01/97-06/30/98	3,472
LACDEP - GSI Faculty Intern Program	N/A	07/01/97-06/30/98	
TOTAL OTHER EXPENDITURES			\$1,955,642

See the Independent Auditor's Report on Supplementary Information.

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF SECONDARY SUBSIDIARIES
OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of the Army- Research and Development Cluster	DAAH04- 95-1-0250	Parallel and Distributed Evaluation	\$187,220	Univ. of Houston
U.S. Department of the Army- Research and Development Cluster	DAAH04- 95-1-0250	Parallel and Distributed Evaluation	49,513	Florida A&M
U.S. Department of the Army - Research and Development Cluster	DAAH04 95-1-0250	Parallel and Distributed Evaluation	245,132	Univ. of Central Florida
Total			481,865	

See the Independent Auditor's Report on Supplementary Information.

SCHEDULE VII

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF STATE AGENCY/UNIVERSITY SUBSCRIBENTS
FOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Subrecipient</u>
U.S. Department of Health and Human Services- National Institute of Health	2R256M31 773-02	Partnership for Minority Access	\$ 9,689	LSU Medical Center
U.S. Department of Health and Human Services- National Institute of Health	2R256M31 773-02	Partnership for Minority Access	1,620	LSU School of Medicine
U.S. Department of Health Services- National Institute of Health	2R256M31 773-02	Partnership for Minority Access	18,969	Southern University
Total			\$30,278	

See the Independent Auditors' Report on Supplementary Information.

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

Dr. Steve Favros, President
Grambling State University
Grambling, Louisiana

We have audited the Schedule of Expenditures of Federal Awards of Grambling State University (the University) as of and for the year ended June 30, 1998, and have issued our report thereon dated October 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The component unit financial statements are audited by other independent auditors.

Compliance

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

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

(CONTINUED)

We did not audit the University's compliance with the regulations governing the administration of the NDSI/Perkins program as set forth in the Code of Federal Regulations CFR 34, Part 574. These administrative requirements govern functions performed by the outside service center. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with these requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with these requirements.

The outside service center's compliance with the requirements governing the functions it performs for the University is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditor's report, we have determined that all of the compliance requirements included in the 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 auditor. The audit report on the outside service center includes immaterial instances of non-compliance pertaining to services carried out for the University. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the findings. Information on the effect of the reported finding on the University's SFA programs is included in the HIG Technologies Compliance Attention Examination report prepared by Price WaterhouseCoopers.

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, except for the function performed 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 Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

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

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

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

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 30, 1998

**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. Steve Farrow, President
Grambling State University
Grambling, Louisiana

Compliance

We have audited the compliance of Grambling State University (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The component unit financial statements are audited by other independent auditors. 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 generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

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)

An audit includes examining, on a test basis, evidence about the University's compliance with these 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 these requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to previously that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of our auditing procedures disclosed instances of noncompliance with these 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 97-01 and 97-02.

We did not audit the University's compliance with the regulations governing the administration of the NIMBL/Perkins program as set forth in the Code of Federal Regulations CIVL 34, Part 674. These administrative requirements govern functions performed by the outside service center. Since we did not apply auditing procedures to verify compliance regarding compliance with these requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with these requirements.

The outside service center's compliance with the requirements governing the functions it performs for the University is audited by another auditor, whose report was furnished to us as of our report issuance date. Based on our review of the other auditor's report, we have determined that all of the compliance requirements included in the 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 auditor. The audit

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

report on the outside service center includes immaterial instances of non-compliance pertaining to services carried out for the University. The scope of our work was not sufficient to express, and we do not express, an opinion on the completeness of the findings. Information on the effect of the reported findings on the University's SPA program is included in the IFOG Technologies Compliance Assessment Examination report prepared by PriceWaterhouseCoopers.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except for the functions performed at the University's contracted Outside Service Center in connection with processing transactions for the NDSI/Parkline 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 structure categories at the contracted Outside Service Center, another auditor obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation, and assessed control risk. The other auditor's report has been furnished to us as of our report issuance date. However, the scope of our work did not extend to these internal control structure policies and procedures established and maintained at the Outside Service Center.

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

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

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

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

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

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 30, 1998

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 1998

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: No.
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: No.
5. Did the audit disclose any reportable conditions in internal control over major programs: No.
6. Were any of the reportable conditions in internal control over major programs material weaknesses: No.
7. Type of report issued on compliance for major programs: Unqualified.
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 518(a): Yes.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

9. The following is an identification of major programs:

CFDA Number	Federal Program
15.605	National Fishing Week
NCC2-512	Polynucleotide Monomer Reactants - NASA Research and Development Grant
EAA15-04-83-1-0250	Parallel and Distributed Evaluation - Research and Development Grant
84.007	Federal Supplemental Education Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.053	Federal Pell Grant Program

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 500(b) is as follows:

Program	Amount
Type A	Major programs are determined on State level.

11. Did the audit qualify as a low-risk audit under OMB Circular A-133, Section 500:
 No

SCHEDULE II

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998
FINANCIAL STATEMENTS FINDINGS**

There were no reportable conditions and material weaknesses and no instances of non-compliance related to the financial statements that were required to be reported in accordance with paragraphs 5.18 through 5.26 of *Government Auditing Standards*.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Audit Finding Reference Number

97-01 - Satisfactory Academic Program

Federal Program and Specific Federal Award Identification

CFDA TITLE AND NUMBER

CFDA 84.063 - Federal Pell Grant Program (Pell)

CFDA 84.092 - Federal Family Education Loan Program (FFEL)

CFDA 84.067 - Federal Supplemental Educational Opportunity
Grant Program (FSEOG)

FEDERAL AWARD YEAR

June 30, 1998

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

Not applicable.

CRITERIA

Title IV regulations, 34 CFR Section 688.70 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.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998
FINANCIAL AWARD FINDINGS AND QUESTIONED COSTS

Audit Finding Reference Number, Continued

97-01 - Satisfactory Academic Progress

CONDITIONS AND EFFECTIVE

We noted during our audit that two (2) students out of seventy (70) tested were awarded and received financial aid, although the students did not meet the University standards for achieving satisfactory academic progress.

CAUSE

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

QUESTIONED COSTS

For purposes of this finding, we have questioned costs totaling \$27,867.

RECOMMENDATION

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

**GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Audit Finding Reference Number:

97-02 - Student Eligibility

Federal Program and Specific Federal Award Identification

CFDA TITLE AND NUMBER

CFDA 84.063 - Federal Pell Grant Program (PELL)

CFDA 84.032 - Federal Family Education Loan Program (FFEL)

CFDA 84.007 - Federal Supplemental Educational Opportunity
Grant Program (FSEOG)

FEDERAL AWARD YEAR

June 30, 1998

FEDERAL AGENCY

Department of Education

PASS-THROUGH ENTITY

Not applicable.

CRITERIA

OMB Circular A-133 Compliance Supplement Part 3, Appendix A stipulates that a student is eligible to receive financial aid if the student has registered under Section 3 of the military Service Act.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Audit Finding Reference Number, Continued

97-62 - Student Eligibility

CONDITIONS AND PERSPECTIVE

We noted during our audit that one (1) student out of seventy (70) tested Student Aid Report was flagged with a conflict regarding the student not being registered with the Selective Services. However, the University did not maintain any documentation in the student's file indicating resolution of the conflict.

CAUSE

The University did not adhere to established procedures and obtain appropriate documentation to resolve the condition.

QUESTIONED COSTS

For purposes of this finding, we have questioned costs totaling \$7,275.

EFFECT

It appears that the University disbursed financial aid to an ineligible student.

RECOMMENDATION

We recommend that the University adhere to established procedures and ensure Student Aid Report conflicts are properly resolved and documented.

**GRAMBLING STATE UNIVERSITY
STATUS OF OTHER AUDITS**

1. PROGRAMMATIC REVIEW OF STUDENT FINANCIAL AID

We noted during our June 30, 1997 audit that the Internal Auditor of the University had performed a review of the University's adherence to certain financial aid regulations as required by the U.S. Department of Education. Such a review was mandated by the U.S. Department of Education in a letter dated July 18, 1997 that was pertinent to the June 30, 1995 year and a program review dated September 1997.

As a result of the Internal Auditor's review, it was determined that approximately \$213,300 of financial aid was possibly disbursed to students who did not meet satisfactory academic progress during the year ended June 30, 1995. Additionally, for the 1996-1997 year, the Internal Auditor determined that approximately \$491,990 of financial aid funds were possibly disbursed to ineligible students.

CURRENT STATUS

During the year ended June 30, 1998, the University received a notification from the Department of Education that a monetary liability of \$75,286 was assessed with regard to the June 30, 1995 year. This amount was paid prior to June 30, 1998.

On July 22, 1998, the University received a final determination from the U.S. Department of Education which indicated that certain findings were considered closed based upon corrective actions taken by the University. However, the U.S. Department of Education assessed a monetary liability for two findings totaling \$342,566 which is required to be repaid within forty-five days of the determination.

GRAMBLING STATE UNIVERSITY

EXIT CONFERENCE

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

GRAMBLING STATE UNIVERSITY

Dr. Steve Fivon	—	President
Ms. Melvin Davis, CPA	—	Vice President-Finance
Mr. Barry Delcambre	—	Vice President-Enrollment Management and Academic Services
Ms. Thomas Jones, CPA	—	Comptroller
Ms. Anna Rappaport	—	Assistant Financial Aid Director
Ms. Hersch Wilds	—	Grants Administration
Ms. Sharon Reid	—	Financial Aid

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA, CGFM	—	Managing Partner
Mr. Edward J. Phillips, Jr.	—	Senior Manager
Mr. Sean Bruno, CPA	—	Senior Auditor

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

October 30, 1998

GRAMBLING STATE UNIVERSITY
AUDIT INFORMATION SCHEDULE

Lead Auditor: BRUNO & TERVALON, Certified Public Accountants
Michael H. Bruno, CPA, CGFM, Managing Partner
Edward J. Phillips, Jr., Senior Manager

License Number: L 3218

Telephone Number: (504) 482-8733

The audit field work was performed between April 13, 1998 and October 14, 1998 at the institution's facilities as follows:

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

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

The institution utilizes a SFA Service:

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

The following functions are provided by this SFA Service:

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

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

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

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



Grambling State University
 OFFICE OF THE VICE PRESIDENT FOR FINANCE
Grambling, Louisiana 71245

Long-Range Hall, Room 219
 P. O. Drawer 605
 100 Plaquemine Street

TELEPHONE: 225-334-3333
 FAX: 225-334-3389

December 18, 1995

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Dr. Daniel G. Kyle, CPA, CFE
 Office of the Legislative Auditor
 State of Louisiana
 Post Office Box 94207
 Baton Rouge, LA 70804-9207

Dear Dr. Kyle:

Transmitted is Grambling State University's response to the following audit findings:

- 97-01 Satisfactory Academic Progress
- 97-02 Student Eligibility
- Schedule 8-3 -- Summary Schedule of Prior Findings

Thank you for your consideration of this response. Please advise if you need further information.

Sincerely,

Melvin L. Davis
 Vice President for Finance

MLD/vj

Enclosure



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. 000001007

PHONE 224-6111
FAX 224-6102

December 18, 1998

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
State of Louisiana
Post Office Box 943897
Baton Rouge, LA 70804-0387

Dear Dr. Kyle:

Please find below management's response to the audit finding reported in the June 30, 1998, audit of Grambling State University's Schedule of Expenditures of Federal Awards titled **Satisfactory Academic Progress**:

IG-01 Satisfactory Academic Progress

Response: We concur with the finding and recommendation.

Corrective Plan of Action:

We are working with the Information Resource Center programming staff to make corrections to parts of the program that have been identified as problem areas. The University has purchased the Banner software that has a separate module that will enable us to more accurately identify ineligible students and hopefully eliminate future audit findings. This expected implementation date for the Banner system is February 1999.

Thank you for your consideration of this response. Please advise if you need further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve A. Farris".

Steve A. Farris
President



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(225) 234-6117

FAX: (225) 234-6172

December 18, 1998

Dr. Daniel G. Ryle, CFA, CFE
Office of the Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Ryle:

Please find below management's response to the audit finding reported in the June 30, 1998, audit of Grambling State University's Schedule of Expenditures of Federal Awards titled **Student Eligibility**.

97-98 Student Eligibility

Response: We concur with the finding and recommendations.

Corrective Plan of Action:

Because financial aid is processed during the registration period, errors such as this one can be easily made. Therefore, for the 1999/2000 year, the Office of Student Financial Assistance plans to implement a self-audit system whereby each Financial Aid Counselor will audit students' folders on a semester by semester basis. Folders will be audited for the Fall semester in November and for the Spring Semester in April. Each Financial Aid Counselor will be required to sign off on the checklist that will identify required documentation in each student's folder as well as rechecking the eligibility status for each student. The Coordinator for Fiscal Operations and Counseling and the Supervisor for Counseling and Student Loans will work together to ensure student folders are reviewed each semester.

Thank you for your consideration of this response. Please advise if you need further information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steve A. Favros".

Steve A. Favros
President

SF/vml