

**SOUTH CAROLINA STATE UNIVERSITY**

ORANGEBURG, SOUTH CAROLINA

OMB CIRCULAR A-133 REPORTS

(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2009

# SOUTH CAROLINA STATE UNIVERSITY

## Table of Contents

	<u>Page(s)</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	1 - 2
Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal awards .....	3 - 4
Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results .....	5 - 6
Section II – Financial Statement Findings .....	7 - 9
Section III – Federal Award Findings and Questioned Costs.....	10
Section IV – Prior Year Findings .....	11 - 14
Schedule of Expenditures of Federal Awards.....	15 - 20
Notes to Schedule of Expenditures of Federal and State Awards.....	21
Management Corrective Action Plans	



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Trustees  
South Carolina State University  
Orangeburg, South Carolina

We have audited the financial statements of the business-type activity and the discretely presented component unit of South Carolina State University (the "University"), as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 12, 2009. Our opinion on the financial statements insofar as it relates to the amounts for the South Carolina State University Foundation, Inc., a component unit of the University, is based solely on the reports of other auditors. 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 financial statements of South Carolina State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 09-01, 09-02 and 09-03 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the University in a separate letter dated November 30, 2009.

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

*Cheng Beckert + Holland, C.C.P.*

Charlotte, North Carolina  
November 30, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Members of the Board of Trustees  
South Carolina State University  
Orangeburg, South Carolina

**Compliance**

We have audited the compliance of South Carolina 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, 2009. The University's major federal programs are identified in the summary of auditor's 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 of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-04.

## Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

We have audited the financial statements of the business type activity and the discretely presented component unit of South Carolina State University (the "University"), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 12, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of federal expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Board of Trustees, 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.

*Cheng Bekart + Holland, C.C.P.*

Charlotte, North Carolina  
November 30, 2009

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

### Section I. Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiencies identified that are not considered to be a material weaknesses  yes  none reported

Noncompliance material to financial statements noted  yes  no

#### Federal Awards

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to federal awards  yes  no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133  yes  no

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

Identification of major federal programs:

<u>PROGRAM NAME</u>	<u>CFDA No.</u>
<b>Student Financial Assistance Cluster:</b>	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Family Educational Loan Program	84.032
Federal Work Study Program	84.033
Federal Perkins Loan Program - Federal Capital Contribution	84.038
Federal Pell Grant Program	84.063
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain Talent Grants	84.376

**Non-Cluster:**

USAID Foreign Assistance for Programs Oversees	98.001
--	--------

Dollar threshold used to distinguish between  
Type A and Type B Programs \$ 1,823,028

Auditee qualified as low-risk auditee?  X  yes   no

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

### Section II. Financial Statement Findings

#### Significant Deficiency

#### Finding: 09-01 – Financial Reporting

- Criteria: Statement on Auditing Standards (“SAS”) No. 112 includes a presumption that the discovery of financial statement misstatements during the course of an audit indicates a deficiency in internal control.
- Condition: During the course of the audit, we proposed several material audit adjustments related to charges of student accounts and associated unapplied credits, federal and state grants receivable and capital assets.
- Effect: The financial statements may not be fairly stated in accordance with accounting principles generally accepted in the United States of America, which may affect management decisions.
- Cause: Reconciliations and account analyses were not performed regularly throughout the year. Breakdowns in communication between the Finance Department and other departments within the University contributed to this issue.
- Recommendation: In order to make financial reporting as meaningful as possible, the Finance Department, in coordination with other related departments of the University, should review, analyze and reconcile general ledger accounts on a routine basis. Reconciliations and account analyses should be reviewed and approved by management and required adjustments should be recorded on a timely basis.

Management response: See Corrective Action Plan.

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

### Section II. Financial Statement Findings (continued)

#### Significant Deficiency

#### Finding: 09-02 - Controls over collection and charges of student accounts

Criteria:	Student accounts receivable should be properly monitored to ensure the timely collection of outstanding student balances.
Conditions:	<p>Our review disclosed, out of 40 students selected for testing, 31 exceptions/errors occurred in charging students for housing.</p> <ol style="list-style-type: none"><li>Of the students selected for testing, 35% of those with an unpaid balance did not agree with accounts receivable aging report.</li><li>Student housing data was incomplete or not available during the audit.</li><li>Student housing charges were not reconciled with the Treasurer's record on a routine basis.</li><li>As of June 30, 2009, unapplied student credits totaling \$847,382 had no detailed listing to support the amounts.</li><li>A number of students enrolled in the Fall 2008 and Spring 2009 semesters have account balances that remain uncollected as of June 30, 2009.</li></ol>
Effect:	Management made an adjustment to student accounts receivable totaling \$913,000 to correct erroneous housing and meals charges. Student accounts receivable as of June 30, 2009 amounted to \$5.3M. Of the total receivable, approximately \$1.5M relates to balances of students enrolled in fiscal year 2008 and earlier. The cash flow of the University is negatively affected with the non-collection of accounts.
Cause:	University policies and control procedures regarding monitoring and collection of student accounts receivable were not strictly implemented.
Recommendation:	The policies and control procedures of the University should be strictly implemented to strengthen internal controls over student accounts receivable, related financial reporting, improve cash flow and avoid losses due to non-collection of student accounts.
Management response:	See Corrective Action Plan.

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

### Section II. Financial Statement Findings (continued)

#### Significant Deficiency

#### Finding: 09-03 – Federal and State grants receivable

- Criteria: University policy states that all federal awards are expected to be billed on a monthly basis with the stated objective of never allowing continued lack of reimbursement for more than (90) ninety days. Also, on a monthly basis, all federal funds received and disbursed must be reconciled with the books of accounts. Reconciliations should be signed off by a person independent of managing the funds.
- Condition: Our review of grants receivable as of June 30, 2009 disclosed a significant amount of grants and contracts receivable from the U.S. Department of Transportation (“DOT”) and Student Financial Aid (“SFA”) that are not being collected for long periods of time.
- Effect: As of June 30, 2009, approximately \$1,100,000 of federal grants and contracts receivable from the DOT remained uncollected since 2006. Also, approximately \$146,000 of federal grants receivable relate to SFA from the previous academic year. This negatively impacts the cash flow of the University.
- Cause: There were delays in the submission of programmatic reports and other documents required by the grantor agencies. Further, reconciliations were not timely prepared.
- Recommendation: To improve the cash flow and strengthen controls over the management of federal and State funds, the University should regularly monitor the submission of these reports and reconciliation of these funds, in order to resolve any pending issues and ultimately get reimbursements in a timely manner.
- Management response: See Corrective Action Plan.

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Findings And Questioned Costs For the Year Ended June 30, 2009

### Section III: Findings related to the audit of major federal award programs

#### Nonmaterial Control Deficiency

#### Nonmaterial Noncompliance

#### Finding: 09-04 - Reporting of student enrollment status

United States Department of Education  
Federal Student Aid Cluster  
Federal Family Education Loans (FFEL)           CFDA# 84.032  
Federal Direct Student Loans (Direct Loan)       CFDA# 84.268

Criteria:                   Under the FFEL and Direct Loan programs, the University must complete and return, within 30 days of receipt, the Student Status Confirmation Reports sent by ED or a guaranty agency. This includes notifying the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition:                There were several instances noted where this communication was not made within the 30 days noted above.

Questioned costs:       None

Context:                   We tested six students that had withdrawn or graduated during the year that received FFEL and/or Direct Loan funds. We noted three students who were not reported timely to National Students Clearing House and their reported withdrawal dates did not match those records with the financial aid office. Also, one student's withdrawal was not reported at all.

Effect:                    Students' data at National Student Loan Data System is not updated and accurate.

Cause:                    Due to technical issues with communication between the Registrar's Office and the National Student Clearing House, the withdrawals were not reported timely.

Recommendation:       The University should put back-up controls in place to ensure timely reporting in the event of another technical issue in the future.

Management response: See Corrective Action Plan.

# **SOUTH CAROLINA STATE UNIVERSITY**

## **Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009**

### **Finding: 08-01 - Audit adjustments**

- Criteria: Statement on Auditing Standards ("SAS") No. 112 includes a presumption that the discovery of financial statement misstatements during the course of an audit indicates a deficiency in internal control.
- Condition: We proposed audit adjustments during the course of the audit of the financial statements as of and for the year ended June 30, 2008.
- Recommendation: In order to make the financial reporting as meaningful as possible, the Finance Department, in coordination with other related departments of the University, should review, analyze and reconcile general ledger accounts on a routine basis. Reconciliations and account analyses should be reviewed and approved by management and required adjustments should be recorded on a timely basis.
- Current status: The finding is not closed as noted in current year's finding no. 09-01.

### **Finding: 08-02 - Control over collection of grants and contracts receivable**

- Criteria: University policies and procedures require that sponsored projects be invoiced for reimbursement, of expenditures to the University, on a monthly basis. Should there be an unreasonable delay in collection, the University should immediately notify the program sponsor and determine if there are additional requirements to be met.
- Condition: There are significant amounts of grants and contract receivables from the U.S. Department of Transportation that are not being collected for long periods of time.
- Recommendation: To improve the cash flow of the University, additional documents and reports required by the Sponsor should be immediately submitted in order to get reimbursements on a timely manner.
- Current status: The finding is not closed as noted in current year's finding no. 09-03.

# SOUTH CAROLINA STATE UNIVERSITY

## Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009

### **Finding: 08-03 - Control over collection of student accounts receivable**

- Criteria: As published on the University's website, the University requires that all expenses for the semester, including fees, room and board, must be paid before or at the beginning of each semester as a condition of admission to class. All students indebted to the University must clear all financial obligations with the Business Office prior to taking final examinations. Students whose bills have not been paid cannot enter final examinations.
- Condition:
- a. Two out of nine students selected for testing were admitted to the next semester even though they had not paid the balance of the previous semester. Their accounts remained unpaid as of June 30, 2008.
  - b. Two students selected in our walkthrough were reported to have stayed in the University dormitory but were not officially enrolled. These students were appropriately billed but did not pay as of June 30, 2008.
- Recommendation: To improve the cash flow of the University and avoid losses due to non-collection of student accounts, the policies and procedures of the University should be strictly implemented.
- Current status: The finding is not closed as noted in current year's finding no. 09-02

### **Finding: 08-04 - Reporting of Federal Awards**

United States Department of Education  
Federal Perkins Loan Program, Pell, FWS  
CFDA# 84.038, 84.063, 84.033

- Criteria: Amounts included in financial reports submitted to grantor agencies are required to be supported by and agree with amounts reported in the University's underlying accounting records.
- Condition: Perkins, Pell and FWS reported in the FISAP report for the year ended June 30, 2008 did not agree with amounts recorded in the University's general ledger for the year ended June 30, 2008.
- Recommendation: To ensure the accuracy of the amounts reported in the FISAP, we suggest that the report be reviewed carefully by the Finance department before the report is submitted to the Department of Education.
- Current status: The FISAP and general ledger are reconciled as of June 30, 2009. This finding is considered closed.

# SOUTH CAROLINA STATE UNIVERSITY

## Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009

### **Finding: 08-05 - Timeliness in Return of Title IV Funds**

United States Department of Education  
Federal Family Education Loans  
CFDA# 84.032

- Criteria:** Under Federal Regulations 34 CFR 668.22 and 668.173, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution is required to determine the correct amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. The institution has to return any unearned portion of Title IV funds no later than 45 days after the date it determines that the student withdrew.
- Condition:** We tested four students that had withdrawn from the University and found that the unearned portion of Title IV funds of one student who withdrew was computed but was not returned to the lender as of June 30, 2008.
- Recommendation:** Unearned Title IV funds should be returned to the lender no later than 45 days from the date the University determined the student withdrew.
- Current Status:** The University has complied with the requirement in the current year. This finding is considered closed.

### **Finding: 08-06 - Balancing and Reconciliation of Records**

United States Department of Education – Higher Education Act (HEA)  
Trio program – Upward Bound, Talent Search and Student Support Services  
CFDA# 84.042, 84.044, 84.047

- Criteria:** Under Federal Regulations, on a monthly basis, federal funds received (drawdown) and disbursed must be reconciled with the books of accounts.
- Condition:** The University did not reconcile, on a monthly basis, the funds received (drawdown) and disbursed for Upward Bound, Talent Search and Student Support Services with the general ledger.
- Recommendation:** To ensure the accuracy of the month-end balance (accounts receivable and cash) and avoid any over-drawn funds, we recommend that Trio funds should be reconciled with the general ledger on a monthly basis and should be reviewed and approved by management.
- Current status:** The University consistently implemented the internal control policy in the current year. This finding is considered closed.

# SOUTH CAROLINA STATE UNIVERSITY

## Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009

### **Finding: 08-07 - Record keeping and inventory of equipment purchased**

United States Department of Education  
Trio program – Upward Bound, Talent Search, Student Support Services  
And Educational Opportunity Centers  
CFDA# 84.042, 84.044, 84.047, 84.066

- Criteria: Property records should be maintained for equipment purchased to ensure these are properly accounted for and can facilitate periodic physical inspection.
- Condition: In our testing, we noted the Trio program purchased four computer laptops and 38 desktop computers. Since individual unit prices were below \$5,000, these items were directly expensed and not capitalized based on the capitalization policy of the University. Nevertheless, these items were tagged by the property custodian but no record was maintained except for the purchase order file. Neither of these were included in the annual physical inspection performed by the property custodian office. Furthermore, the office of the Trio Program did not have a complete list of inventory of accountable assets.
- Recommendation: To strengthen internal controls over accountable assets such as computer laptops and desktops, we recommend that directly expensed accountable assets should still be entered into the Banner system to facilitate annual inspection and to detect any loss of property.
- Current status: The Office of Campus Services has a procedure to document the brand, serial number and employee responsible for all computer systems owned by the University. This finding is considered closed.

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>Research and Development Cluster</b>			
<b>Direct Programs:</b>			
<b>U.S. Department of Agriculture</b>			
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	\$ 2,317,399	\$ -
1890 Institution Capacity Building Grants	10.216	64,942	6,863
<b>U.S. Department of Defense</b>			
Basic Scientific Research	12.431	169,882	-
<b>U.S. Department of Transportation</b>			
Highway Training and Education	20.215	608,791	55,283
<b>National Aeronautics and Space Administration</b>			
Aerospace Education Services Program	43.001	49,058	-
<b>National Science Foundation</b>			
Education and Human Resources	47.076	1,539,691	484,052
Mathematical and Physical Sciences	47.049	441,696	99,835
Geosciences	47.050	31,934	-
<b>U.S. Department of Energy</b>			
Office of Science Financial Assistance Program	81.049	1,098,262	569,712
University Reactor Infrastructure and Education Support	81.114	95,854	8,000
Serving Institutions (MSI) Program	81.123	246,274	86,525
<b>U.S. Department of Education</b>			
Minority Science and Engineering Improvement	84.120	155,146	-
<b>U.S. Department of Health and Human Services</b>			
Occupational Safety and Health Program	93.262	13,140	-
National Center on Minority Health and Health Disparities	93.307	205,242	-
		<u>7,037,311</u>	<u>1,310,270</u>
<b>Pass-Through State Agencies:</b>			
<b>U.S. Department of Defense</b>			
Passed Through South Carolina Research Authority Basic Scientific Research	12.431	20,107	-
<b>National Science Foundation</b>			
Passed Through University of South Carolina Education and Human Resources	47.076	114,030	-

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>U.S. Department of Energy</b>			
Passed Through University of South Carolina Renewable Energy Research and Development	81.087	55	-
<b>Total Pass-Through State Agencies</b>		<u>134,192</u>	<u>15</u>
<b>Pass-Through Other Than State Agencies:</b>			
<b>U.S. Department of Defense</b>			
Passed Through Clarkson Aerospace Corporation Air Force Defense Research Sciences Program	12.800	53,449	-
<b>National Science Foundation</b>			
Passed Through University of Houston - Downtown Geosciences	47.050	15,159	-
Passed Through South Carolina Resource Authority Education and Human Resources	47.076	308,671	-
<b>U.S. Department of Energy</b>			
Passed Through University of Tennessee Nuclear Energy Research, Development and Demonstration	81.121	46,341	-
<b>U.S. Department of Health and Human Services</b>			
Passed Through Life Support, Inc. Community - Based Abstinence Education (CBAE)	93.010	98,981	45,195
Passed Through Central state University Family and Community Violence Prevention Program	93.910	172	-
<b>U.S. Department of Homeland Security</b>			
Passed Through Jackson State University Centers for Homeland Security	97.061	20,635	-
<b>U.S. Agency for International Development</b>			
Passed Through American Council on Education USAID Development for University Cooperation and Development	98.012	27,288	-
<b>Total Pass-Through Other Than State Agencies</b>		<u>570,696</u>	<u>45,195</u>
<b>Total Research and Development Cluster</b>		<u>7,742,199</u>	<u>1,355,480</u>

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>Student Financial Assistance Programs Cluster</b>			
<b>U.S. Department of Education</b>			
Federal Supplemental Educational Opportunity Grants	84.007	734,359	-
Federal Family Educational Loan Program	84.032	34,010,110	-
Federal Work-Study Program	84.033	393,818	-
Federal Perkins Loan Program-Federal Capital Contribution	84.038	2,173,388	-
Federal Pell Grant Program	84.063	10,535,252	-
Academic Competitiveness Grants	84.375	389,628	-
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	82,000	-
<b>Total Student Financial Assistance Programs Cluster</b>		48,318,555	-
<b>TRIO Cluster</b>			
<b>U.S. Department of Education</b>			
TRIO-Student Support Services	84.042	107,330	-
TRIO-Talent Search	84.044	109,516	-
TRIO-Upward Bound	84.047	136,239	-
TRIO-Educational Opportunity Centers	84.066	222,107	-
<b>Total TRIO Cluster</b>		575,192	-
<b>Non-Cluster Programs</b>			
<b>Direct Programs:</b>			
<b>U.S. Department of Agriculture</b>			
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	961,043	-
Fund for Rural America - Research, Education and Extension Activities	10.224	1,073	-
Cooperative Extension Service	10.500	60,368	-
Summer Food Service Program For Children	10.559	16,945	-
Rural Development, Forestry, and Communities	10.672	110,218	-
Rural Cooperative Development Grants	10.771	18,500	-
1890 Land Institutions Rural Entrepreneurial Outreach Program	10.856	109,395	-
Soil and Water Conservation	10.902	1,010	-
<b>U.S. Department of Defense</b>			
Air Force Defense Research Sciences Program	12.800	9,267	-

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>U.S. Department of Housing and Urban Development</b>			
Northeastern Corridor of Orangeburg Community Historically Black Colleges and Universities Program	14.520	130,639	-
<b>U.S. Department of Transportation</b>			
Highway Training and Education	20.215	61,468	-
<b>National Aeronautics and Space Administration</b>			
Aerospace Education Services Program	43.001	1,785	-
<b>Nuclear Regulatory Commission</b>			
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	64,739	2,500
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MISP)	77.007	58,277	-
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	111,011	-
<b>U.S. Department of Energy</b>			
University Reactor Infrastructure and Education Support	81.114	28,372	-
Nuclear Energy Research, Development and Demonstration	81.121	78,574	-
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123	899,111	-
<b>U.S. Department of Education</b>			
Higher Education-Institutional Aid	84.031	4,354,603	10,000
Minority Science and Engineering Improvement	84.120	28,872	2,000
Rehabilitation Long-Term Training	84.129	125,378	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	363,894	16,300
Improving Teacher Quality State Grants	84.367	245	-
<b>U.S. Department of Health and Human Services</b>			
Rural Health Outreach and Rural Network Development Program	93.912	(75)	-
Nurse Education, Practice and Retention Grant	93.359	331,176	-
Child Welfare Services Training Grant	93.648	15,565	-
<b>U.S. Agency for International Development</b>			
USAID Foreign Assistance for Programs Oversees	98.001	3,230,521	-
		<u>11,171,974</u>	<u>30,817</u>

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>Indirect Programs:</b>			
<b>Pass-Through State Agencies:</b>			
<b>U.S. Department of Agriculture</b>			
Passed Through Clemson University Cooperative Extension Service	10.500	41,839	-
Passed Through South Carolinas Department of Social Services Summer Food Service Program For Children	10.559	45,110	-
<b>U.S. Department of Defense</b>			
Passed Through University of South Carolina Procurement Technical Assistance for Business Firms	12.002	11,726	-
<b>U.S. Department of Transportation</b>			
Passed Through South Carolina Department of Transportation Highway Planning and Construction	20.205	20,482	-
<b>Small Business Administration</b>			
Passed Through University of South Carolina Small Business Development Center	59.037	43,432	3,000
<b>U.S. Department of Education</b>			
Passed Through SC Department of Education Special Education - Grants to States	84.027	74,105	3,070
Safe and Drug-Free Schools and Communities - State Grants	84.186	491	-
State Grants for Innovative Programs	84.298	196	-
Mathematics and Science Partnerships	84.366	6,943	-
Improving Teacher Quality State Grants	84.367	18,735	-
<b>Total Passed Through State Agencies</b>		263,059	6,070
<b>Pass-Through Other Than State Agencies:</b>			
<b>U.S. Department of Agriculture</b>			
Passed Through Tennessee State University Higher Education Challenge Grants	10.217	14,479	-
Passed Through Tennessee State University International Science and Education Grants	10.305	4,735	-
Passed Through University of Georgia Research Foundation Cooperative Extension Service	10.500	(53)	-
<b>National Aeronautics and Space Administration</b>			
Passed Through American Museum of Natural History Aerospace Education Services Program	43.001	60	-

# SOUTH CAROLINA STATE UNIVERSITY

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>National Endowment for the Arts</b>			
Passed Through Southeastern Art Federation Promotion of the Arts - Partnership Agreement	45.025	1,800	-
<b>U.S. Department of Energy</b>			
Passed Through North Carolina State University University Reactor Infrastructure and Education Support	81.114	6,108	-
Passed Through SC University Research and Education Foundation University Reactor Infrastructure and Education Support	81.114	274,332	253,183
<b>U.S. Department of Health and Human Services</b>			
Passed Through Morehouse School of Medicine Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	91	-
Passed Through National Youth Sports Program Fund Community Services Block Grant - Discretionary Award	93.570	(33,553)	-
<b>Total Pass-Through Other Than State Agencies</b>		267,999	253,202
<b>Total Federal Assistance</b>		\$ 68,338,978	\$ 1,645,569

## **SOUTH CAROLINA STATE UNIVERSITY**

### **Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009**

#### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Carolina State University (the "University") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2 - Summary of Significant Accounting Policies for Federal Award Expenditures**

Expenditures for student financial aid programs include the federal share of student's Federal Supplemental Educational Opportunity Grant program grants and Federal Work Study program earnings, certain other federal financial aid for students and administrative costs allowances, where applicable.

#### **Note 3 - Federal Perkins Loan Program (CFDA Number 84.038)**

The Federal Perkins Loan Program is administered directly by the University and balances and transactions are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$2,044,042 as of June 30, 2009.

#### **Note 4 - Federal Family Educational Loan Program**

During the fiscal year ended June 30, 2009, the University processed \$34,010,110 of new loans under the Federal Family Educational Loan Program (CFDA#032).

The University is responsible only for the performance of certain administrative duties with respect to the Federal Family Educational Loan Program and, accordingly, these loans are not included on the University's financial statements; furthermore, it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at June 30, 2009.

# SOUTH CAROLINA STATE UNIVERSITY

---

## CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2009

---

<b>Finding Number</b>	<b>Contact Person/ Phone Number</b>	<b>Response and Corrective Action Planned</b>
2009-01	Ernesto Torres Controller Tel (803 536-8775)	<p><u>Financial Reporting</u></p> <p>The Finance Department in coordination with the other departments of the University will, on a monthly basis, review, analyze and reconcile general ledger accounts. All adjustments due to reconciliation will be recorded monthly upon management approval.</p> <p>Grants and Contract will run the indirect cost process each month. For state and other grants that funds have been received in advance the Office of Grants and Contracts will reverse any revenue and receivable.</p> <p><i>Anticipated Completion Date:</i> January 31, 2010</p>
2009-02		<p><u>Control over collection and charges of student accounts</u></p> <p>The University will provide additional training to the University Housing and Treasurer's Office staff to ensure strict compliance of the established policies and control procedures of the University. Management will monitor any deviation from policies and control procedures and corrective actions will be provided in a timely manner. A committee has been formed to analyze all type transactions affecting student accounts receivables. The committee will determine any problems that affect the receivable balance and make recommendations to resolve the issues. The committee has also been asked to update the policy for determining write off of uncollectible balances.</p> <p>University management must initiate measures to ensure that all parties satisfy the requirements for each sponsored project awarded to South Carolina State University.</p> <p><i>Anticipated Completion Date:</i> January 31, 2010</p>
2009-03		<p><u>Federal and State grants receivable</u></p> <p>The Office of Grants and Contracts reconciles grants monthly and also bill's sponsors. Billed grant receivables are captured and maintained. The University will institute a procedure to require Office of Grants and Contracts staff to review the collections of billed grant receivables and research and follow-up on any outstanding collections on a monthly basis. A representative from the Office of Grants and Contracts will meet with the Controller staff monthly to discuss the status of grant receivable collections.</p> <p><i>Anticipated Implementation Date:</i> January 31, 2010</p>

**SOUTH CAROLINA STATE UNIVERSITY**

---

**CORRECTIVE ACTION PLAN**

For the Fiscal Year Ended June 30, 2009

---

<b>Finding Number</b>	<b>Contact Person/ Phone Number</b>	<b>Response and Corrective Action Planned</b>
2009-04		<p data-bbox="558 537 1016 569"><u>Reporting of Student Enrollment status</u></p> <p data-bbox="558 600 1531 657">Currently, the Clearinghouse Report is sent three times in a given semester; the beginning, mid-term and final.</p> <p data-bbox="558 688 1516 720"><u>New Clearinghouse Reporting Process – Registrar’s Office – November 19, 2009</u></p> <p data-bbox="558 751 1531 963">For each semester, the National Student Clearinghouse Report will be sent every 27 days starting from the first day of classes. A Schedule of Clearinghouse Reporting dates will be developed prior to the beginning of each semester by the Associate Registrar, Assistant Registrar and the Data Coordinator. The Data Coordinator will be primarily responsible for processing the report to be sent to the National Student Clearinghouse. In the absence of the Data Coordinator, the Associate Registrar will send the report.</p> <p data-bbox="558 995 1531 1052"><u>The above process is effective immediately and will be updated in the Registrar’s Office/Veterans Affairs Procedures Manual.</u></p> <p data-bbox="558 1083 1531 1180"><u>Special Note: When needed, technical issues must be addressed immediately by SC State Information Technology Department and Technical Services provided by the National Student Clearinghouse</u></p>