

CLEMSON UNIVERSITY

OMB Circular A-133 Reports

Year ended June 30, 2003

(With Independent Auditor's Reports Thereon)

EIN# 57-6000254

State of South Carolina



Office of the State Auditor

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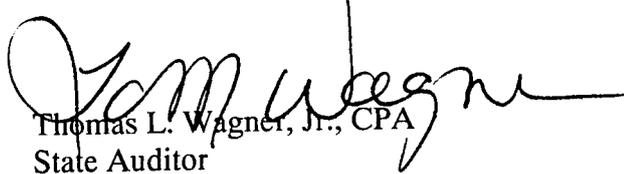
November 5, 2003

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Clemson University
Clemson, South Carolina

The report on compliance and internal control over financial reporting, and the report on compliance and internal control over compliance applicable to each major program of Clemson University for the fiscal year ended June 30, 2003, were issued by KPMG, LLP, Certified Public Accountants, under contract with the South Carolina Office of State Auditor. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with the basic financial statements of Clemson University for the fiscal year ended June 30, 2003, issued by KPMG, LLP, Certified Public Accountants, dated September 12, 2003.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

CLEMSON UNIVERSITY

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CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Federal Award Expenditures		
Research and Development – Cluster:		
Department of Health and Human Services	93.RD	\$ 2,711,521
Pass-through programs from:		
South Carolina Department of Mental Health	93.RD	90,402
Dynamet Technology, Inc.	93.RD	1,672
University of Virginia	93.RD	175,951
University of Kentucky	93.RD	1,269
University of South Carolina	93.RD	871,827
University of Utah	93.RD	67,254
South Carolina Department of Health and Human Services	93.RD	332,185
Immucell	93.RD	27,190
Northrop Grumman IT, Inc.	93.RD	19,623
University of California – San Diego	93.RD	26,794
Communities in Schools of SC, Inc.	93.RD	68,248
Widmeyer Communications	93.RD	170,905
Emory University	93.RD	17,237
Total Department of Health and Human Services		<u>4,582,078</u>
National Science Foundation	47.RD	10,729,282
Pass-through programs from:	47.RD	
University of Florida	47.RD	300,685
American Association for the Advancement of Sciences	47.RD	4,264
Georgia Institute of Technology	47.RD	1,237
Clemson University Research Foundation	47.RD	6,536
University of Kentucky	47.RD	8,335
University of Southern California	47.RD	116,874
Virginia Commonwealth University	47.RD	17,978
University of Illinois	47.RD	116,003
South Carolina Research Authority	47.RD	991,576
Furman University	47.RD	35,049
South Carolina State University	47.RD	44,374
University of Missouri – Columbia	47.RD	6,253
Arizona State University	47.RD	59,868
University of California	47.RD	7,256
Purdue University	47.RD	84,187
University of Southern Alabama	47.RD	39,593
University of New York – Albany	47.RD	6,394
North Carolina State University	47.RD	445
University of Arizona	47.RD	79,585
University of South Carolina	47.RD	13,286
South Carolina State Board for Technical and Comprehensive Education	47.RD	1,321
South Carolina Department of Education	47.RD	76,315
Total National Science Foundation		<u>12,746,696</u>

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Department of Defense:	12.RD	\$ 9,525,031
Pass-through programs from:		
Saratt Acquisition Management, Inc.	12.RD	109
University of Michigan	12.RD	347,882
Triton Systems, Inc.	12.RD	46,912
Science Applications International Corp.	12.RD	6,723
Mississippi State University	12.RD	34,871
Kreamer Sports	12.RD	14,308
South Carolina Research Authority	12.RD	333,146
North Carolina State University	12.RD	168,828
Touchtone Research Laboratory, Ltd.	12.RD	27,200
University of Florida	12.RD	489,942
Materials Science Corporation	12.RD	65,440
HexaTech, Inc.	12.RD	12,123
University of Illinois	12.RD	232,140
University of Northern Texas	12.RD	11,649
Clemson University Research Foundation	12.RD	1,130,240
ITT Industries	12.RD	29,337
Total Department of Defense		<u>12,475,881</u>
Department of Energy:	81.RD	1,104,478
Pass-through programs from:		
South Carolina Budget and Control Board State Energy Office	81.RD	5,955
Battelle	81.RD	12,160
Clemson University Research Foundation	81.RD	1,598,564
South Carolina Universities Research and Education Foundation	81.RD	867,984
University of California	81.RD	244,623
Parsons Infrastructure and Technology Group, Inc.	81.RD	24,370
Bechtel BWXT Idaho, LLC	81.RD	109,587
Oak Ridge National Laboratory	81.RD	882
University of Miami	81.RD	41,214
South Carolina Energy Office	81.RD	24,271
Auburn University	81.RD	23,270
University of Georgia	81.RD	83,210
Virginia Polytechnic Institute	81.RD	80,952
North Carolina State University	81.RD	74,269
Oak Ridge Associated Universities	81.RD	9,046
Total Department of Energy		<u>4,304,835</u>
Environmental Protection Agency:	66.RD	282,206
Pass-through programs from:		
South Carolina Department of Health and Environmental Control	66.RD	143,006
North Carolina State University	66.RD	32,998
University of South Carolina	66.RD	2,976
Rensselaer Polytechnic Institute	66.RD	42,342

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
University of South Alabama	66.RD	\$ 3,150
University of Nebraska – Lincoln	66.RD	378
Total Environmental Protection Agency		507,056
National Aeronautics and Space Administration:	43.RD	1,418,717
Pass-through programs from:		
College of Charleston	43.RD	139,619
Ohio State University	43.RD	81,789
South Carolina Research Authority	43.RD	165,374
Aerospace Corporation	43.RD	13,952
University of Arizona	43.RD	10,160
Medical University of South Carolina	43.RD	6,345
Honeywell	43.RD	167,523
Total National Aeronautics and Space Administration		2,003,479
Department of Transportation:	20.RD	345,556
Pass-through programs from:		
South Carolina Department of Transportation	20.RD	1,119,142
South Carolina Department of Parks, Recreation, and Tourism	20.RD	182,771
South Carolina Department of Public Safety	20.RD	72,727
Total Department of Transportation		1,720,196
Appalachian Regional Commission		
Pass-through programs from:		
Marshall University Research Corporation	23.RD	4,225
South Carolina Department of Education	23.RD	72,657
Total Appalachian Regional Commission		76,882
Department of Commerce:	11.RD	359,727
Pass-through programs from:		
National Textile Center	11.RD	1,640,191
South Carolina Sea Grant Consortium	11.RD	1,512
University of Texas El Paso	11.RD	422,702
Medical University of South Carolina	11.RD	24,846
South Carolina Department of Health and Environmental Control	11.RD	5,728
South Carolina Department of Natural Resources	11.RD	5,391
Total Department of Commerce		2,460,097
Department of Interior:	15.RD	302,085
Pass-through programs from:		
National Fish and Wildlife Foundation	15.RD	596
Virginia Polytechnic Institute	15.RD	3,054
Indiana University	15.RD	10,619
South Carolina Department of Natural Resources	15.RD	6,083
South Carolina Department of Parks, Recreation & Tourism	15.RD	26,147
Total Department of Interior		348,584

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Agency for International Development:	99.RD	\$ 16,519
Pass-through programs from:		
Michigan State University	99.RD	(3,936)
American Council on Education	99.RD	22,358
Total Agency for International Development		34,941
Department of Agriculture:	10.RD	6,223,186
Pass-through programs from:		
Cornell University	10.RD	72,216
South Carolina Department of Agriculture	10.RD	98,418
University of Arkansas	10.RD	2,836
Mississippi State University	10.RD	17,101
Auburn University	10.RD	12,704
University of Tennessee	10.RD	9,956
University of Georgia	10.RD	17,818
University of Missouri – Columbia	10.RD	953
Virginia Polytechnic Institute	10.RD	839
Texas A&M University	10.RD	268
South Carolina State University	10.RD	300
South Carolina Department of Social Services	10.RD	(3,409)
University of South Carolina	10.RD	1,400
New Mexico State University	10.RD	6,788
Washington State University	10.RD	(19,470)
Purdue University	10.RD	2,249
North Carolina State University	10.RD	15,746
South Carolina Forestry Commission	10.RD	99,979
National Forest Foundation	10.RD	13,204
National Fish and Wildlife Foundation	10.RD	22,256
University of Florida	10.RD	22,681
Buckeye Bluegrass Farms, Inc.	10.RD	24,401
Total Department of Agriculture		6,642,420
Department of Justice:	16.RD	71,326
Pass-through programs from:		
Boys and Girls Club of America	16.RD	853,607
Oklahoma State University	16.RD	69,127
Total Department of Justice		994,060
National Foundation for the Arts and Humanities:	45.RD	17,251
Pass-through programs from:		
South Carolina Arts Commission	45.RD	13,527
South Carolina Humanities Council	45.RD	1,120
Total National Foundation for the Arts and Humanities		31,898
Department of Education:	84.RD	1,062,983
Pass-through programs from:		
Stephens County	84.RD	27,511
Atlanta Public Schools	84.RD	19,545
South Carolina Commission on Higher Education	84.RD	29,980

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
School District of Greenville County	84.RD	\$ 97,513
Pickens County School District	84.RD	22,534
Mullins High School	84.RD	6,264
Tri-County Technical College	84.RD	5,462
South Carolina Department of Education	84.RD	20,723
Anderson School District #3	84.RD	25,457
Anderson School District #5	84.RD	20,882
Total Department of Education		1,338,854
Federal Emergency Management Agency: Pass-through programs from:		
Dewberry & Davis LLC	83.RD	2,724
Total Federal Emergency Management Agency		2,724
Total Research and Development		50,270,681
Student Financial Aid – Cluster:		
Department of Education:		
Federal Pell Grant Program	84.063	4,882,018
Federal Supplemental Educational Opportunity Grant	84.007	843,139
Federal Work Study Program	84.033	711,881
Federal Perkins Loan Program	84.038	53,961
Federal Direct Loan Program	84.268	490,162
Total Department of Education		6,981,161
Total Student Financial Aid		6,981,161
Other Programs:		
Department of Health and Human Services:		
Advanced Education Nursing Traineeships	93.358	36,710
Nurse Education, Practice and Retention Grants	93.359	148,360
Pass-through programs from:		
South Carolina Department of Social Services:		
Management and Administrative Training for Support Staff	93.999	37,214
Youth and Family Services		
Teaching Smart	93.000	25,321
Santee; Lynches Area Council on Aging		
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(57)
Medical University of South Carolina		
Model State-Supported Area Health Education Centers	93.107	155
South Carolina Department of Health and Environmental Control:		
Centers for Disease Control and Prevention	93.283	(1,558)
Chesterfield County Coordinating Council:		
Temporary Assistance for Needy Families	93.558	1,617
Total Department of Health and Human Services		247,762

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Department of Defense:		
Pass-through programs from:		
University of South Carolina:		
Procurement Technical Assistance Program	12.002	\$ 33,865
South Carolina Commission on Higher Education:		
SC Troops to Teachers Coalition	12.999	<u>31,662</u>
Total Department of Defense		<u>65,527</u>
Department of Energy:		
South Carolina Emergency Preparedness Division:		
Emergency Management Performance Grants	83.552	<u>11,226</u>
Total Department of Energy		<u>11,226</u>
National Science Foundation:		
Mathematical and Physical Sciences	47.049	15,818
Pass-through programs from:		
Claffin University		
Education and Human Resources	47.076	9,000
Clemson University Research Foundation:		
Education and Human Resources	47.076	433,863
South Carolina Department of Education		
Social, Behavioral, and Economic Sciences	47.075	10,000
Education and Human Resources	47.076	<u>62,295</u>
Total National Science Foundation		<u>530,976</u>
Department of Commerce:		
Pass-through programs from:		
South Carolina Sea Grant Consortium:		
Sea Grant Support	11.417	<u>119,419</u>
Total Department of Commerce		<u>119,419</u>
Department of Justice:		
Bullying Prevention Training in Virginia	16.000	88
Drug-Free Communities Support Program	16.729	110,105
Pass-through programs from:		
South Carolina Department of Public Safety:		
Juvenile Justice and Delinquency Prevention	16.540	301,454
National Fish & Wildlife Foundation		
Camp Wildlife	16.999	29,998
South Carolina Department of Juvenile Justice		
Consultant Services for Therapeutic Recreation Program for SCDJJ	16.999	50,588
Office of the Adjutant General		
DOJ FY 2002 Equipment Grant Program	16.007	39,557
South Carolina Department of Alcohol and Drug Abuse Services:		
Enforcing Underage Drinking Laws Program	16.727	<u>18,523</u>
Total Department of Justice		<u>550,313</u>

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Department of Transportation:		
Recreational Trails Program	20.219	\$ 9,414
Pass-through programs from:		
South Carolina Department of Transportation:		
Highway Planning and Construction	20.205	371,304
State and Community Highway Safety	20.600	27,314
Funding Options for Meeting Transportation Infrastructure in SC	20.000	34,727
Child Passenger Safety Fitting Station	20.600	18,897
Total Department of Transportation		<u>461,656</u>
Environmental Protection Agency:		
FCL Mentors as "Tools for Schools"	66.606	2,709
Pesticide Enforcement Cooperative Agreement	66.700	436,903
Pesticide Environmental Stewardship Program	66.714	30,610
Enforcement Cooperative Agreement	66.605	103,730
Environmental Protection: Consolidated Research	66.500	21,981
Pass-through programs from:		
University of Georgia:		
Protecting Children's Health through Water Quality Education	66.000	2,412
Children's Environmental Health	66.999	5,155
South Carolina Department of Health and Environmental Control		
Capacity Building Grants and Cooperative Agreements for States and Tribes	66.709	42
Nonpoint Source Implementation Grants	66.460	276,092
Commonwealth of Virginia:		
Nonpoint Source Implementation Grants	66.460	2,545
Animal Waste Analysis for Commonwealth of Virginia	66.400	16,684
South Carolina Department of Natural Resources:		
Nonpoint Source Implementation Grants	66.460	211
Total Environmental Protection Agency		<u>899,074</u>
Department of Education:		
Special Education Personnel Development and Parent Training	84.029	6,305
Directed Grants	84.116	618,568
Transition to Teaching Program	84.350	96,828
Pass-through programs from:		
South Carolina Department of Education:		
Vocational Education: Basic Grants to States	84.048	109,995
Teacher Quality Enhancement Grants	84.336	20,485
Anderson School District #3:		
State Technology Grant	84.999	3,167
Florence-Darlington Technical College:		
ATE Teaching Team Training Class	84.999	1,266
National Writing Project Corporation:		
Upstate Writing Project	84.928	28,331
Fargo Public Schools:		
Fargo Public School Evaluation	84.000	6,117

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
South Carolina Commission on Higher Education: Eisenhower Professional Development State Grants	84.281	\$ <u>32,743</u>
Total Department of Education		<u>923,805</u>
Corporation for National and Community Service: Pass-through programs from:		
American Association of Colleges for Teacher Education: Learn and Serve America	94.005	25,370
National Youth Leadership Council: Learn and Serve America	94.007	50,440
South Carolina Department of Education: Learn and Serve America	94.004	<u>29,714</u>
Total Corporation for National and Community Service		<u>105,524</u>
Department of Agriculture:		
Agricultural Research: Basic and Applied Research	10.001	86,818
Animal Health and Disease Research	10.207	32,911
Black Creek/Lamar-Oates/Rafting Creek-Providence Township/Penny-Shanklin-Morrow Creek Project	10.999	2,006
Higher Education Multicultural Scholars Program	10.220	34,000
USDA Recordkeeping Cooperative Agreement	10.163	25,507
Plant and Animal Disease, Pest Control and Animal Care	10.025	526,878
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,664,115
Cooperative Extension Service/Smith-Lever	10.500	7,888,417
Integrated Programs	10.303	6,599
Higher Education Challenge Grants	10.217	41,542
Cooperative Extension Service	10.500	227,802
Cooperative Forestry Research	10.202	731,937
Forestry Research	10.652	52,499
Cooperative Forestry Assistance	10.664	11,009
Pass-through programs from:		
South Carolina Forestry Commission:		
Forestry Research	10.652	6,192
Cooperative Forestry Assistance	10.664	62,716
Environmental Stewardship Camps at Sandhill	10.661	2,013
National Student Arboriculture and Urban Forestry Conference	10.999	1,248
FY 2002 Stewardship Program	10.999	3,132
Santee-Lynches Area Council on Aging:		
Senior Community Employment Program	10.999	5,963
South Carolina Department of Agriculture:		
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	12,807
South Carolina Department of Social Services:		
Grants for Agricultural Research, Special Research Grants	10.200	168,607
Summer Food Service Program for Children	10.559	732
State Administrative Matching Grants for Food Stamp Program	10.561	1,333,885

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
University of Georgia:		
Cooperative Extension Service	10.500	\$ 42,307
Technology Training for Urban Forestry Professionals	10.664	17,899
Texas A&M University:		
Publications, Videos, and Computer Software	10.500	994
Southern Region Watershed Resources Management	10.303	72,482
North Carolina State University:		
Fresh Produce Food Safety Training Program for the Southeast	10.303	1,165
Development of Multi-level Food Safety Education Program for the Retail Food Industry	10.303	87,149
Cooperative Extension Service	10.500	689
Michigan State University:		
Cooperative Extension Service	10.500	6,545
University of Florida:		
Integrated Programs	10.303	5,992
Homeland Security: Agricultural Implementing Peach Pest Management in South Carolina and Georgia	10.304	7,565
	10.999	4,960
Auburn University:		
Cooperative Extension Service	10.500	86,835
Total Department of Agriculture		<u>13,263,917</u>
Department of Housing and Urban Development:		
Community Development Work Study Program	14.512	85,144
Total Department of Housing and Urban Development		<u>85,144</u>
National Foundation for the Arts and the Humanities:		
Pass-through programs from:		
South Carolina Humanities Council:		
Promotion of the Humanities-Federal/State Partnership	45.129	2,308
Total National Foundation for the Arts and the Humanities		<u>2,308</u>
Small Business Administration:		
Pass-through programs from:		
University of South Carolina:		
Small Business Development Center	59.037	288,913
Total Small Business Administration		<u>288,913</u>

CLEMSON UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grantors/pass-through grantors/agencies or cluster title	Federal CFDA number	Expenditures
Department of Labor:		
Veterans' Employment Program	17.802	\$ 208,260
WIA Dislocated Workers	17.260	31,417
Pass-through programs from:		
University of South Carolina:		
WIA Adult Program	17.258	<u>8,967</u>
Total Department of Labor		<u>248,644</u>
Total Federal Award Expenditures		<u>\$ 75,056,050</u>

See accompanying notes to schedule of expenditures of federal awards.

CLEMSON UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies for Federal Award Expenditures

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

Expenditures for federal research and development programs are determined using the cost accounting principles and procedures set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

(3) Federal Perkins Loan Program (CFDA Number 84.038)

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to the program are included in the loan fund of the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$6,985,604 as of June 30, 2003.

(4) Matching

Under the FWS program, the University matched \$176,773 in total compensation for the year ended June 30, 2003 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

Under the FSEOG program, the University matched \$281,333 in funds awarded to students for the year ended June 30, 2003 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

CLEMSON UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

(5) Subrecipients

Of the federal expenditures presented in the schedule, the University provided federal awards to subrecipients as follows:

<u>Federal granting agency</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Department of Agriculture	10.025	\$ 9,435
Department of Agriculture	10.200	65,165
Department of Agriculture	10.206	214,932
Department of Agriculture	10.302	342,446
Department of Agriculture	10.303	118,766
Department of Agriculture	10.500	99,761
Department of Agriculture	10.561	20,957
Department of Agriculture	10.652	10,322
Department of Agriculture	10.961	<u>3,000</u>
Total Department of Agriculture		<u>884,784</u>
Department of Commerce	11.113	153,489
Department of Commerce	11.417	103,143
Department of Commerce	11.609	<u>102,570</u>
Total Department of Commerce		<u>359,202</u>
Department of Defense	12.RD	891,687
Department of Defense	12.300	320,747
Department of Defense	12.420	12,044
Department of Defense	12.431	22,015
Department of Defense	12.910	1,987,120
Department of Defense	12.RD	<u>16,475</u>
Total Department of Defense		<u>3,250,088</u>
Department of Interior	15.805	3,773
Department of Justice	16.RD	53,700
Department of Justice	16.540	<u>108,795</u>
Total Department of Justice		<u>162,495</u>
Department of Transportation	20.205	24,783

CLEMSON UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Federal granting agency</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
National Aeronautics and Space Administration	43.RD	\$ 99,026
National Science Foundation	47.041	839,902
National Science Foundation	47.049	86,806
National Science Foundation	47.050	11,823
National Science Foundation	47.070	201,488
National Science Foundation	47.074	135,546
National Science Foundation	47.076	137,258
Environmental Protection Agency	66.500	27,198
Environmental Protection Agency	66.606	1,169
Total Environmental Protection Agency		<u>28,367</u>
Department of Energy	81.049	11,812
Department of Education	84.116	500,000
Department of Education	84.342	26,306
Total Department of Education		<u>526,306</u>
Department of Health and Human Services	93.172	336,146
Department of Health and Human Services	93.238	8,176
Department of Health and Human Services	93.395	5,063
Department of Health and Human Services	93.596	97,834
Department of Health and Human Services	93.647	18,750
Total Department of Health and Human Services		<u>465,969</u>
Corporation for National and Community Services	94.005	2,706
Agency for International Development	99.RD	6,043
		\$ <u><u>7,238,177</u></u>



Suite 900
55 Beattie Place
Greenville, SC 29601-2106

**Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Basic Financial Statements Performed
in Accordance With *Government Auditing Standards***

Mr. Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the basic financial statements of Clemson University (the University) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 12, 2003. 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.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, 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 basic financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in 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 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 basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the State Auditor, 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.

KPMG LLP

September 12, 2003



Suite 900
55 Beattie Place
Greenville, SC 29601-2106

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

Mr. Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

Compliance

We have audited the compliance of Clemson 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 its major federal program for the year ended June 30, 2003. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program 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 consider 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 its major federal program for the year ended June 30, 2003.

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 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.



Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more 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 internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Clemson University as of and for the year ended June 30, 2003, and have issued our report thereon dated September 12, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for 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 solely for the information and use of the State Auditor, 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.

KPMG LLP

September 12, 2003

CLEMSON UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

(1) Summary of Auditors' Results

- (a)** The type of report issued on the basic financial statements: **Unqualified Opinion**
- (b)** Reportable conditions in internal control were disclosed by the audit of the basic financial statements: **None Reported** Material weaknesses: **None**
- (c)** Noncompliance which is material to the basic financial statements: **None**
- (d)** Reportable conditions in internal control over major programs: none reported Material weaknesses: **None**
- (e)** The type of report issued on compliance for major programs: **Unqualified Opinion**
- (f)** Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **No**
- (g)** Major Federal programs: **research and development cluster (various CFDA numbers)**
- (h)** Dollar threshold used to distinguish between Type A and Type B programs: **\$2,252,000**
- (i)** Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **No**

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards: None