

**SOUTH CAROLINA STATE UNIVERSITY**

ORANGEBURG, SOUTH CAROLINA

OMB CIRCULAR A-133 REPORTS

(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2006

# SOUTH CAROLINA STATE UNIVERSITY

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**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<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	\$ 1,800,228	\$ -
1890 Institution Capacity Building Grants	10.216	1,090	-
<b>U.S. Department of Commerce</b>			
Educational Partnership Program	11.481	31,667	20,880
<b>U.S. Department of Defense</b>			
Basic and Applied Scientific Research	12.300	1,652	-
<b>U.S. Department of Transportation</b>			
Highway Training and Education	20.215	439,002	-
University Transportation Centers Program	20.701	614,693	323,550
<b>National Aeronautics and Space Administration</b>			
Aerospace Education Services Program	43.001	317,343	9,347
<b>National Science Foundation</b>			
Engineering Grants	47.041	27,959	-
Education and Human Resources	47.076	326,277	-
<b>U.S. Environmental Protection Agency</b>			
Nonpoint Source Implementation Grants	66.460	27,483	-
<b>U.S. Department of Energy</b>			
Office of Science Financial Assistance Program	81.049	166,913	-
Office of Scientific and Technical Information	81.064	8,647	-
Renewable Energy Research and Development	81.087	87,569	-
Office of Environmental Cleanup and Acceleration	81.104	2,392	-
<b>U.S. Department of Education</b>			
Minority Science and Engineering Improvement	84.120	113,859	-
<b>U.S. Department of Health and Human Services</b>			
Maternal and Child Health Federal Consolidated Programs	93.110	17,557	-
National Center on Minority Health and Health Disparities	93.307	313,093	38,512
National Center for Research Resources	93.389	272,259	106,146
Child Health and Human Development Extramural Research	93.865	76,865	-
		<u>4,646,548</u>	<u>498,435</u>

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>Pass-Through State Agencies:</b>			
<b>U.S. Department of Health and Human Services</b>			
Passed Through Clemson University Geriatric Training for Physicians, Dentists, and Behavioral/Mental Health Professionals	93.156	15,759	-
Passed Through Medical University of South Carolina National Center for Research Resources	93.389	4,283	-
<b>Total Pass-Through State Agencies</b>		20,042	-
<b>Pass-Through Other Than State Agencies:</b>			
<b>U.S. Department of Agriculture</b>			
Passed-Through Fort Valley State University Meat Goat /Small Livestock Industry and Fruit and Vegetable Project	10.302	484	-
<b>U.S. Department of Commerce</b>			
Passed-Through Florida A&M University Educational Partnership Program	11.481	70,865	70,865
<b>U.S. Department of Defense</b>			
Passed-Through United Negro College Fund Basic, Applied, and Advanced Research in Science and Engineering	12.630	9,634	-
<b>National Aeronautics and Space Administration</b>			
Passed Through University of Alabama Aerospace Education Services Program	43.001	40,417	-
<b>National Science Foundation</b>			
Passed Through South Carolina Resource Authority Education and Human Resources	47.076	137,167	-
Passed Through University of South Carolina Education and Human Resources	47.076	23,142	-
<b>U.S. Department of Health and Human Services</b>			
Passed Through National Association for Equal Opportunity in Higher Education Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	41,279	-
Passed Through Central State University Family and Community Violence Prevention Program	93.910	220,026	-
<b>Total Pass-Through Other Than State Agencies</b>		543,014	70,865
Total Research and Development Cluster		5,209,604	569,300

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<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	706,261	-
Higher Education-Institutional Aid	84.031	3,416,212	-
Federal Work-Study Program	84.033	372,377	-
Federal Perkins Loan Program	84.038	1,853,422	-
Federal Pell Grant Program	84.063	7,817,159	-
Total Higher Education Cluster		14,165,431	-
<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	1,024,080	-
1890 Institution Capacity Building Grants	10.216	204,702	-
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	167	-
Cooperative Extension Service	10.500	352,292	-
Rural Business Enterprise Grants	10.769	484	-
Rural Cooperative Development Grants	10.771	70,583	-
1890 Land Institutions Rural Entrepreneurial Outreach Program	10.856	73,779	-
Soil and Water Conservation	10.902	221,832	5,000
<b>U.S. Department of Housing and Urban Development</b>			
Northeastern Corridor of Orangeburg Community Development Corporation	14.237	246,197	-
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction	20.205	166,765	-
Highway Training and Education	20.215	2,521,834	2,133,657
<b>National Aeronautics and Space Administration</b>			
Aerospace Education Services Program	43.001	91,274	-
<b>National Foundation on the Arts and the Humanities</b>			
Promotion of the Humanities-Fellowships and Stipends	45.160	40,000	-
<b>National Science Foundation</b>			
Biological Sciences	47.074	78,202	24,615
Education and Human Resources	47.076	812,753	600,099
<b>Small Business Administration</b>			
Small Business Development Center	59.037	22,394	-

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<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>			
Office of Environmental Cleanup and Acceleration	81.104	74,986	-
University Reactor Infrastructure and Education Support	81.114	234,796	201,225
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123	159,301	62,736
<b>U.S. Department of Education</b>			
Special Education-Grants to States	84.027	3,327	-
TRIO-Student Support Services	84.042	209,020	-
TRIO-Upward Bound	84.047	195,068	-
TRIO-Educational Opportunity Centers	84.066	188,778	-
Fund for the Improvement of Postsecondary Education	84.116	116,581	-
Minority Science and Engineering Improvement	84.120	7,168	-
Rehabilitation Long-Term Training	84.129	304,332	-
Business and International Education Projects	84.153	45	-
Special Education-Personnel Preparation to Improve Services and Results for Children With Disabilities	84.325	223	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	205,028	19,794
Teacher Quality Enhancement Grants	84.336	181,634	-
Historically Black Colleges and Universities Capital Financing Program	84.XXX	16,368,539	-
<b>U.S. Department of Health and Human Services</b>			
Maternal and Child Health Federal Consolidated Programs	93.110	145,472	-
Rural Health Outreach and Rural Network Development Program	93.912	2,101	-
<b>U.S. Agency for International Development</b>			
USAID Foreign Assistance for Programs Oversees	98.001	143,895	-
		<u>24,467,632</u>	<u>3,047,126</u>
<b>Indirect Programs:</b>			
<b>Pass-Through State Agencies:</b>			
<b>U.S. Department of Agricultural</b>			
Passed Through SC Department of Social Services Higher Education Challenge Grants	10.217	37,401	25,092
Summer Food Service Program for Children	10.559	27,341	-
<b>U.S. Department of Defense</b>			
Passed Through University of South Carolina Procurement Technical Assistance for Business Firms	12.002	11,422	-
<b>U.S. Department of Transportation</b>			
Passed Through Clemson University Federal Transit-Capital Investment Grants	20.500	2,823	-

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
<b>Small Business Administration</b>			
Passed Through University of South Carolina Small Business Development Center	59.037	117,151	-
<b>U.S. Department of Energy</b>			
Passed Through University of South Carolina Office of Environmental Cleanup and Acceleration	81.104	8,888	-
Passed Through SC University Research and Education Foundation University Reactor Infrastructure and Education Support	81.114	445,657	214,137
Passed Through Clemson University Office of Scientific and Technical Information	81.064	4,499	-
<b>U.S. Department of Education</b>			
Passed Through Clemson University Fund for the Improvement of Education	84.215	47,338	-
Passed Through SC Department of Education Special Education-Grants to States	84.027	62,123	-
State Grants for Innovative Programs	84.298	1,541	-
Improving Teacher Quality State Grants	84.367	20,000	-
<b>U.S. Department of Health and Human services</b>			
Passed Through Medical University of South Carolina Geriatric Education Centers	93.969	4,317	-
<b>Total Passed Through State Agencies</b>		790,501	239,228
<b>Pass-Through Other Than State Agencies:</b>			
<b>National Science Foundation</b>			
Passed Through University of Florida Education and Human Resources	47.076	57,399	7,000
<b>U.S. Department of Health and Human services</b>			
Passed Through National Youth Sports Program Fund Community Services Block Grant-Discretionary Award	93.570	104,730	-
<b>Total Pass-Through Other Than State Agencies</b>		162,129	7,000
<b>Total Federal Assistance</b>		\$ 44,795,297	\$ 3,862,653

**SOUTH CAROLINA STATE UNIVERSITY**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

**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 of the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$1,664,220 as of June 30, 2006.



**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, 2006, which collectively comprise the University's basic financial statements and have issued our report thereon dated September 8, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as items 06-01 and 06-02.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions 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 September 8, 2006.

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 Beckett + Holland, C.C.P.A.*

Beaufort, South Carolina  
September 8, 2006



**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, 2006. 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 State University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which 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 items 06-04 and 06-05.

## **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, 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.

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

A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business type activity and the discretely presented component unit of the University, as of and for the year ended June 30, 2006, and have issued our report thereon dated September 8, 2006. Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the University's basic financial statements. 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 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 Beckert + Holland, C.C.P.*

Beaufort, South Carolina  
September 8, 2006

**SOUTH CAROLINA STATE UNIVERSITY**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2006

**I. Summary of auditor's results**

1. The type of report issued on the basic financial statements: **Unqualified Opinion.**
2. Reportable conditions in internal control were disclosed by the audit of the basic financial statements: **Yes**      Material Weaknesses: **No**
3. Noncompliance which is material to the basic financial statements: **None**
4. Reportable conditions in internal control over major programs: **Yes**  
Material weaknesses: **None**
5. The type of report issued on compliance for major programs: **Unqualified Opinion.**
6. Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **Yes**
7. Major federal programs:

Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Higher Education-Institutional Aid	84.031
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
TRIO Cluster:	
Student Support Services	84.042
Upward Bound	84.047
Educational Opportunity Centers	84.066
Historically Black Colleges and Universities Capital Financing Program	84.XXX

8. Dollar threshold used to distinguish between Type A and Type B programs: **\$797,200**
9. Auditee qualified as a low risk auditee under Section .530 of Circular No. A-133: **No**

**II. Findings related to the audit of the financial statements of South Carolina State University**

Finding 06-01: Reportable Condition

Condition: There are a significant number of grants and contracts receivables that are not being collected timely.

Criteria: Good business practices require the timely collection of all receivable amounts due the University.

Effect: The University has a significant number of grants and contracts receivable that are greater than sixty days old. This negatively impacts the cash flow of the University.

Context: During our review of receivables we noted a significant amount of the receivable balance was greater than thirty days old.

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**II. Findings related to the audit of the financial statements of South Carolina State University (continued)**

Cause: Employees were not timely billing the grantor agency and emphasis has not been placed on the collection process.

Recommendation: The grants and contracts department of the University should establish written billing and collection procedures on grants and contracts. Management should monitor compliance with these procedures on a regular basis.

Management's response: See Corrective Action Plan.

Finding 06-02: Reportable Condition

Condition: General ledger accounts were not being reconciled to the underlying supporting documentation on a regular basis.

Criteria: Effective internal control procedures require general ledger accounts to be reconciled on a regular basis, such that errors or other differences can be detected and any required adjustments be made in a timely manner.

Effect: Interim financial reports may contain errors that could affect management decisions. Errors in the financial statements may remain undetected for an unreasonable period of time.

Context: For the year ended June 30, 2006, several adjustments, which were significant in amount, were proposed and recorded as a result of the financial statement audit.

Cause: Employees were not reviewing general ledger accounts on a regular basis.

Recommendation: In order to make the financial reporting as meaningful as possible, the University should reconcile the general ledger accounts for cash, accounts receivable, capital assets, etc. to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulated but can be identified and attributed to a particular period. The reconciliations should be reviewed and approved by management with the approval being documented on the reconciliation.

Management's response: See Corrective Action Plan.

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**III. Findings and questioned costs related to the audit of major federal award programs**

Finding 06-03

All Major Programs

Condition: There are a significant number of grants and contracts receivables that are not being collected timely.

Criteria: Good business practices require the timely collection of all receivable amounts due the University.

Effect: The University has a significant number of grants and contracts receivable that are greater than sixty days old. This negatively impacts the cash flow of the University.

Context: During our review of receivables we noted a significant amount of the receivable balance was greater than thirty days old.

Cause: Employees were not timely billing the grantor agency and emphasis has not been placed on the collection process.

Recommendation: The grants and contracts department of the University should establish written billing and collection procedures on grants and contracts. Management should monitor compliance with these procedures on a regular basis.

Management's response: See Corrective Action Plan.

Finding 06-04

Department of Education

Federal Perkins Loan Program--Federal Capital Contribution – CFDA #84.038

Reportable Condition: Amounts reported in Part III Section A of the FISAP report for the year ended June 30, 2006 did not agree with amounts recorded in the University's general ledger for the year ended June 30, 2006.

Criteria: Amounts included in financial reports are required to agree with amounts reported in the entity's underlying accounting records.

Effect of Condition: Amounts reported in Part III Section A of the FISAP were not supported by the University's underlying accounting records.

Context: The University has over reported certain line items in prior years. Due to the cumulative nature of the report the University is unable to reduce an amount previously reported.

Cause of Condition: Amounts reported in Part III of the FISAP are cumulative in nature. As a result once an amount has been reported it can never be reduced. In prior years certain categories in the loan principal canceled section had been over reported. The report is submitted electronically and is programmed in such a way that the University is not able to reduce the amounts that were over reported in prior years.

**SOUTH CAROLINA STATE UNIVERSITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**III. Findings and questioned costs related to the audit of major federal award programs (continued)**

Questioned Costs – None.

Recommendation: The University should contact the Department of Education directly to determine if there is some way to adjust prior year numbers downward.

Management's response: See Corrective Action Plan.

Finding 06-05

Department of Agriculture

Payments to 1890 Land-Grant Colleges and Tuskegee University – CFDA #10.205

Reportable Condition: The University failed to submit the required financial and status reports in a timely manner.

Criteria: Grant documents required submission of financial and status reports within a given time frame.

Effect of Condition: The University failed to comply with the reporting requirements of the grant.

Context: The University failed to submit the annual report timely.

Cause of Condition: There was not an effective method for monitoring grant reporting requirements and deadlines.

Questioned Costs – None

Recommendation – The University should implement procedures that will enable them to prepare and submit the required reports in a timely manner.

Management's response: See Corrective Action Plan.

**SOUTH CAROLINA STATE UNIVERSITY**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2006

Finding 05-09 – Financial Report in Error – CFDA #84.038 Federal Perkins Loan Program – Federal Capital Contributions

Condition: This finding stated the amounts in Part III Section A of the FISAP report for the year ended June 30, 2005 did not agree with the amounts recorded in the University's general ledger for the year ended June 30, 2005.

Recommendation: The auditor recommended the University ensure that all amounts reported on the FISAP agree with the amounts recorded in the general ledger.

Current Status: The above is still a finding for the year ended June 30, 2006

Finding 05-10 – Failure to Submit Required Financial and Status Reports in a Timely Manner – CFDA #10.205 - Payments to 1890 Land-Grant Colleges and Tuskegee University

Condition: The University failed to comply with the reporting requirements of the above indicated grant.

Recommendation: The auditor recommended the University implement procedures that will enable them to prepare and submit required reports in a timely manner.

Current status: The University has created a checklist that is used to monitor the reporting requirements outlined in the grant document. The finding has been corrected for the current year.

Finding 04-21 and 05-10 – Required Reports Not Filed. CFDA #10.205 Payments to 1890 Land-Grant Colleges and Tuskegee University, CFDA #81.104 Office of Environmental Cleanup and Acceleration, CFDA #66.460 Nonpoint Source Implementation Grants

Condition: This finding stated for one grant the University was required to file quarterly financial status reports, however, a single report covering the period October 1, 2002 through December 31, 2003 was filed. The finding further stated the University did not file the required annual performance report and financial status report to the Forestry Service by December 1, 2004. Also, the grant agreement under CFDA #66.460 required the University to file a financial report for each twelve month period, but the last report filed was for the period November 2002 through June 30, 2004.

Recommendation: The auditor recommended the University file all required federal reports in a timely manner.

Current Status: The University now requires that a checklist reflecting the dates of financial status and performance reports be included in each award record. The financial reporting requirements are being monitored by the Grants and Contracts Accounting Director. Similar findings were noted in the audits for the years ended June 30, 2006.



# South Carolina State University

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ASST. VICE PRESIDENT  
FOR  
FISCAL AFFAIRS

## CORRECTIVE ACTION PLAN

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Assistant Vice President for Fiscal Affairs (803) 533-3742

### 2006-1

The Grants and Contracts Accounting Department established written billing and collection procedures that are currently being used for billing sponsors based on monthly reconciliation reports of account activity. The Grants Director reviews this report in conjunction with the Outstanding Accounts Receivable Reports to ensure that Sponsors remit funds in a timely manner and/or follow-up with Grant Accountants to issue dunning letters to Sponsors.

### 2006-2

The Controllers Office and Grants and Contract Accounting have adopted procedures for reconciling general ledger accounts to ensure that subsidiary ledgers support balances accurately and completely.

### 2006-3

The Grants and Contracts Accounting Department established written billing and collection procedures that are currently being used for billing sponsors based on monthly reconciliation reports of account activity. The Grants Director reviews this report in conjunction with the Outstanding Accounts Receivable Reports to ensure that Sponsors remit funds in a timely manner and/or follow-up with Grant Accountants to issue dunning letters to Sponsors.

### 2006-4

The Controllers Office contacted the United States Department of Education's (USDOE) Financial Reporting Office concerning the over reported amount in Part III of the FISAP. The University was told that the figures could not be decreased but only increased. According to the USDOE there is no mechanism to correct this error. The University will continue to keep records of the variance.

**2006-5**

The SF-272 reports are due to the United States Department of Agriculture (USDA) by 45 days after the end of the quarter. The University met the deadlines in three of the four quarters. The documentation was not located for the one quarter in question.

The SF-269, Financial Status Report (hard copy) is due to the USDA Cooperative State Research and Extension Education Services within 90 days after the end of the performance period.

For the performance period ending September 30, 2005 the SF-269 Reports for 1890 Research and Extension Programs were submitted timely to the USDA in November 2005.

The Grants and Contracts Accounting Department is maintaining copies of all submitted SF269 and SF270 reports in the appropriate files to ensure they can be reproduced upon demand.