



South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by *Government Auditing Standards* and the Uniform Guidance

Year Ended June 30, 2016

South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and the Uniform Guidance
Year Ended June 30, 2016

South Carolina State University

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Independent Auditor's 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*

The Board of Trustees
South Carolina State University
Orangeburg, SC

We have audited, in accordance with the 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 (the "University"), which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in items 2016-001 and 2016-002 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

January 30, 2017



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421 Fayetteville Street
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
South Carolina State University
Orangeburg, SC

Report on Compliance for Each Major Federal Program

We have audited South Carolina State University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-003, 2016-004, 2016-005, and 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs items 2016-004, 2016-005, and 2016-006, that we consider to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's



response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of South Carolina State University as of and for the year ended June 30, 2016, and have issued our report thereon dated January 30, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

March 31, 2017

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Student Financial Assistance Cluster	Research and Development Cluster	Other	Total Expenditures
EXPENDITURES OF FEDERAL AWARDS:							
U.S. Department of Agriculture							
Plant and Animal Disease, Pest Control, and Animal Care	10.025		\$ -	\$ -	\$ -	\$ 31,542	\$ 31,542
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		-	-	1,979,428	1,920,000	3,899,428
1890 Institution Capacity Building Grants	10.216		55,172	-	155,150	304,272	459,422
Cooperative Extension Service	10.500		-	-	-	448,283	448,283
Pass-through from South Carolina Department of Education:							
National School Lunch Program	10.555	N/A	-	-	-	(4,536)	(4,536)
Soil and Water Conservation	10.902		-	-	-	(23,299)	(23,299)
Total U.S. Department of Agriculture			55,172	-	2,134,578	2,676,262	4,810,840
National Aeronautics and Space Administration							
NASA Space Grant Consortium	43.001		-	-	15,411	-	15,411
Pass-through from State Agency:							
NASA Space Grant Consortium	43.001	NNX10AM76H	-	-	2,215	-	2,215
NASA Space Grant Consortium	43.001	NNL13AQ00C	-	-	22,954	-	22,954
Total National Aeronautics and Space Administration			-	-	40,580	-	40,580
National Endowment for the Humanities							
Promotion of the Humanities Fellowships and Stipends	45.160		-	-	-	386	386
Total Institute of Museum and Library Services			-	-	-	386	386
Institute of Museum and Library Services							
Museum Grants for African American History and Culture	45.309		-	-	-	6,086	6,086
Total Institute of Museum and Library Services			-	-	-	6,086	6,086
National Science Foundation							
Mathematical and Physical Sciences	47.049		17,803	-	132,776	-	132,776
Computer and information science and engineering and cyber infrastructure	47.070		-	-	-	881	881
Education and Human Resources	47.076		195,966	-	404,026	-	404,026
Pass-through from State Agency:							
Education and Human Resources	47.076	HRD-1332449	-	-	111,743	-	111,743
Total Education and Human Resources			195,966	-	515,769	-	515,769
Pass-through from South Carolina Research Authority:							
Office of Experimental Program to Stimulate Competitive Research	47.081	OIA-121771/22410-Z120/13-2360	-	-	12,641	-	12,641
Total National Science Foundation			213,769	-	661,186	881	662,067
Small Business Administration							
Pass-through from University of South Carolina:							
Small Business Development Centers	59.037	N/A	-	-	-	33,638	33,638
Total Small Business Administration			-	-	-	33,638	33,638
Nuclear Regulatory Commission							
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		-	-	-	168,230	168,230
Total Nuclear Regulatory Commission			-	-	-	168,230	168,230
U.S. Department of Energy							
Office of Science Financial Assistance Program	81.049		-	-	2	-	2
Pass-through from State Agency:							
Office of Science Financial Assistance Program	81.049	DE-SC0012530	-	-	114,086	-	114,086
Office of Environmental Waste Processing and Disposal	81.104		2,499	-	-	194,958	194,958
Pass-through from State Agency:							
Defense Nuclear Nonproliferation Research	81.113	DE-NA000979	-	-	3,804	-	3,804
Pass-through from University of Tennessee:							
Nuclear Energy Research, Development and Demonstration	81.121	DE-NE0008273	-	-	286,429	-	286,429
Pass-through from State Agency:							
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123	DE-NA0002686	-	-	457,188	-	457,188
Total U.S. Department of Energy			2,499	-	861,509	194,958	1,056,467
U.S. Department of Education							
Federal Supplemental Educational Opportunity Grants	84.007		-	767,347	-	-	767,347
Title III Strengthening Historically Black Colleges and Universities Program	84.031		-	-	-	4,227,980	4,227,980
Federal Work-Study Program	84.033		-	412,993	-	-	412,993
Federal Perkins Loan Program	84.038		-	-	-	-	-
TRIO Student Support Services	84.042		-	-	-	255,382	255,382
TRIO Talent Search	84.044		-	-	-	277,840	277,840
TRIO Upward Bound	84.047		-	-	-	284,778	284,778
TRIO Educational Opportunity Centers	84.066		-	-	-	188,542	188,542
Total TRIO Cluster			-	-	-	1,006,542	1,006,542
Federal Pell Grant Program	84.063		-	8,573,533	-	-	8,573,533
Rehabilitation Long-Term Training	84.129		-	-	-	665,351	665,351
Federal Direct Loan Program	84.268		-	29,974,087	-	-	29,974,087
Pass-through from State Agency:							
Twenty-First Century Community Learning Centers	84.287	H6301006915	-	-	-	59,660	59,660
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	-	-	545,151	545,151
Strengthening Minority-Serving Institutions	84.382		-	-	337,269	-	337,269
Phase II of the State Fiscal Stabilization Fund Program	84.394		-	-	-	500	500
Total U.S. Department of Education			-	39,727,960	337,269	6,505,184	46,570,413
Smithsonian Institution							
University Nuclear Science and Reactor Support	85.000		-	-	-	(360)	(360)
Total Smithsonian Institution			-	-	-	(360)	(360)

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Student Financial Assistance Cluster	Research and Development Cluster	Other	Total Expenditures
U.S. Department of Health and Human Services							
Minority Health and Health Disparities Research	93.307		-	-	695	-	695
National Center for Research Resources	93.389		-	-	809	(160)	649
Pass-through from Medical University of South Carolina:							
National Center for Research Resources	93.389	P20GM103499-13/22050-Z173	-	-	4,945	-	4,945
National Center for Research Resources	93.389	P20GM103499-13/22050-Z205	-	-	88,798	-	88,798
Total National Center for Research Resources			-	-	94,552	(160)	94,392
Cancer Centers Support Grants	93.397		-	-	-	20,060	20,060
Biomedical Research and Research Training	93.859		-	-	49,830	-	49,830
HIV Prevention Program	93.940		-	-	-	5,262	5,262
Total U.S. Department of Health and Human Services			-	-	145,077	25,162	170,239
Agency for International Development							
Pass-through from Kansas State University:							
USAID Foreign Assistance for Programs Overseas	98.001	AID-OAA-L-1400002	-	-	38,215	-	38,215
Total Agency for International Development			-	-	38,215	-	38,215
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 271,440	\$ 39,727,960	\$ 4,218,414	\$ 9,610,427	\$ 53,556,801

See accompanying notes to the schedule of expenditures of federal awards.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") summarizes the expenditures incurred under all federal awards received by South Carolina State University (the "University") for the year ended June 30, 2016, and has been prepared using the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the statement of net position, statement of revenues, expenses, and changes in net position, or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government or subawards. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Federal Perkins Loan Program

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 \$1,261,126 as of June 30, 2016. The University disbursed \$0 under the Federal Perkins Loan Program for the year ended June 30, 2016.

4. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2016, the University processed \$29,974,087 of new loans under the Federal Direct Student Loan Program. The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student 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, 2016.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

5. Subrecipients

Of the federal expenditures presented in the Schedule, the University provided federal awards to subrecipients as follows during the year ended June 30, 2016:

Program Name	Subrecipient Name	CFDA Number	Award Provided To Recipient
1890 Institution Capacity Building Grants	University of Massachusetts	10.216	\$ 55,000
Mathematical and Physical Sciences	Clemson University	47.049	18,000
Education and Human Resources	Allen University	47.076	3,000
Education and Human Resources	Claflin University	47.076	13,000
Education and Human Resources	College of Charleston	47.076	6,000
Education and Human Resources	Midlands Technical	47.076	8,000
Education and Human Resources	Morris College	47.076	8,000
Education and Human Resources	University of South Carolina	47.076	55,000
Education and Human Resources	Voorhees College	47.076	10,000
Education and Human Resources	Clemson University	47.076	56,000
Education and Human Resources	Orangeburg-Calhoun Technical College	47.076	38,000
Environmental Remediation and Waste Processing and Disposal	University of Illinois	81.104	2,000
Total awards to subrecipients			\$ 272,000

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? x yes none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? x yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 x yes no

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Identification of major federal programs:

<u>CFDA number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.205	Payments to 1890 Land-Grant Colleges and Tuskegee University
Various	Research & Development Cluster
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster
84.031	Title III Strengthening Historically Black Colleges and Universities Program
84.042, 84.044, 84.047, 84.066	TRIO Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes x No

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Section II - Financial Statement Findings

This section should identify the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

FINDING 2016-001

Criteria or specific requirement: *A deficiency in internal control* 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 and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2016 financial statements, we noted certain internal control exceptions (summarized in the Context section of this finding), that in the aggregate represent a significant deficiency in internal control over financial reporting.

Context: *Financial Statement Close Process and Compilation of Financial Statements*

Certain internal controls over the financial statement close process are either not formally documented or are not documented in enough detail that would allow someone new or someone unassociated with the process to easily perform the financial statement close process of the University in a timely manner. The absence of formal internal controls in this process results in the University being highly dependent solely on the Controller to prepare the financial statements and related footnotes. Additionally, due to resource constraints, there has not been adequate training and cross-training that has occurred to allow someone other than the Controller to prepare the financial statements and related footnotes in her absence. Furthermore, there is no system of formal internal controls in place for the financial statements and related footnotes to be reviewed and approved by someone other than the preparer. This significantly increases the University's risk of a material misstatement or error being included in the financial statements and/or the notes to the financial statements.

Effect: The University did not meet its fiscal year end 2016 financial reporting submission requirements until approximately 4 months after its original deadline of September 30, 2016.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Cause:	Limited resources within certain offices (Finance, Student Financial Aid, Grants and Contracts, etc.), transitions in key Finance Office positions throughout the year as well as at or near year end, insufficient internal controls over the financial statement close process, lack of formally documented policies and procedures surrounding the preparation and review of the financial statements, and administrative oversight. In addition, the information systems issues summarized in Finding 2016-002 further contributed to delays in the preparation of the 2016 financial statements.
Recommendation:	We recommend that the University formally document all its key internal controls over its financial statement close process in a manner that would allow someone new or someone unassociated with the process to easily perform the financial statement close process in a timely manner. This documentation would greatly assist the University in training new employees or cross-training existing employees in the preparation of the financial statements and related notes to the financial statements. We also recommend that the University enhances its internal controls over its financial statements to include the formal review of the University's financial statements and related footnotes by someone other than the preparer.
Views of responsible officials and planned corrective actions:	<p>The University recognizes that additional staff is needed in the Controller's office to ensure existing internal controls over financial reporting are consistently utilized.</p> <p>The University has experienced significant staffing changes, which resulted in opportunities to streamline financial reporting processes and procedures. The improvement in financial reporting is evidenced by the reduction in audit findings related to the financial reporting and the complexity of the financial reporting process. However, given the reduction in staffing, the documentation has not been updated to reflect the improved processes and changes in staff roles and responsibilities.</p> <p>The University has authorized, and budgeted for, additional personnel in the Controller's Office for fiscal year 2016-2017.</p>

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

FINDING 2016-002

Criteria or specific requirement: *A deficiency in internal control* 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 and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2016 financial statements, we noted certain internal control exceptions (summarized in the Context section of this finding), that in the aggregate represent a significant deficiency in internal control over financial reporting.

Context: *Financial Statement Close Process and Compilation of Financial Statements*

Certain internal controls over the financial statement close

Effect: The University did not meet its fiscal year end 2016 financial reporting submission requirements until approximately 4 months after its original deadline of September 30, 2016.

Cause: *Overall Information System Infrastructure*

The University's current information system infrastructure is substantially obsolete and does not have the capacity or bandwidth needed to sustain the information technology needs of its staff, faculty and students. This results in users experiencing lack of accessibility, slow operating speeds, loss of data, missed communications (email, etc.), and frequent system crashes. Having an adequate information system infrastructure is critical to the current and future needs of the University, including but not limited to: the everyday needs of the University's users, the University staying competitive in the market place, the University providing its users the basic information technology resources needed for them to be successful in meeting their objectives, creating efficiencies needed to keep overall costs down, and the University's survival. Additionally, the current state of the University's overall information system infrastructure has contributed significantly to the delays in preparing and submitting the University's financial statements within the required time frames.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Computing Technologies Services

The University's Computing Technologies Services had 8 vacancies during fiscal year 2016. These vacancies combined with the higher than normal user inquiries ("IT tickets") caused by the aforementioned obsolete information system infrastructure, have resulted in a significant back log of IT tickets submitted to the University's Computing Technologies Services. This in return has resulted in many IT tickets not being addressed timely and other tickets that would require significant resources to not being addressed at all.

Banner

The University utilizes Banner as its enterprise resource planning ("ERP") system. Banner offers a variety of solutions to assist the University in recording, tracking and reporting information. However, like all information systems, the data extracted out of Banner is highly dependent on the system configuration and the data inputted by users. The following summarizes certain key observations noted regarding the University's use of Banner:

- **Initial Configuration and Subsequent Updates** - The initial set-up of Banner allows institutions to customize certain aspects of the system so that the data extracted meets the needs of its users. In the case of the University, its current users did not assist in the initial set-up of the system, thus the current configuration does not meet all the needs of its users. Updating the system takes time, planning, funding, and users who are aware of Banner's full capabilities. Due to resource constraints, lack of funding, and the state of the University's current information system infrastructure, adequate measures to updating the configuration of Banner to better meet the needs of its users have not been taken.
- **User Trainings** - All employees interviewed as part of our procedures indicated that they use Banner as part of their regular job functions, however, none had any recent trainings. Additionally, the majority of the employees interviewed also indicated that due to lack of training, that they are unaware of Banner's full capabilities, including what features within Banner may assist them in being more effective and efficient.
- **Certain Modules of Banner Not Being Utilized** - In conducting our interviews and procedures, we noted that

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

in certain cases employees were aware of certain key modules that Banner offers, however, due to lack of resources, funding and strategic plans, the modules were not being utilized by the University.

- **Banner Reports** - Banner allows for data to be extracted from the system in a variety of ways. Certain reports are predefined by Banner, certain reports can be produced based on user parameters, and others require scripts to be written to combine data from the various databases of Banner. We noted that many reports needed by users are routine reports that would require the same type of information to be extracted from Banner daily, weekly, monthly, etc. However, in certain cases, these routine reports would not be automatically produced by Banner, but instead require users to submit a request to the University's Computing Technologies Services via an IT ticket. Due to the aforementioned back log of IT tickets, this could result in the user not receiving the requested Banner report for several business days.

The above observations have also significantly contributed to the delays in preparing and submitting the University's financial statements within the required time frames.

Recommendation:

Overall Information System Infrastructure - A properly functioning information system infrastructure is essential to the current and future operational sustainability of the University. If the information system infrastructure issues are not adequately addressed and/or are not addressed immediately, the risk of the University's ability to survive increase substantially as it will not be able to be competitive or meet the basic information system needs of its students, faculty and staff. Additionally, opportunities to capitalize on efficiencies that can be created through information technology would further diminish. We recommend that the University complete a comprehensive evaluation of its information system infrastructure needs and begin the implementation of the new infrastructure as soon as reasonably possible.

Computing Technology Services - Much of the aforementioned IT ticket backlog would be remediated through the recommendations indicated above for the overall information system infrastructure as well as through the addition of new employees. In addition to those recommendations, we also recommend that the Computing Technology Services implement a formal plan to seek regular feedback from key users on IT projects that could assist with the effectiveness

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and efficiencies of the various offices of the University, including automating certain time consuming manual intensive tasks.

Banner - We recommend that the University work with the appropriate Banner service providers to gain a comprehensive understanding of the system's full capabilities and which configurations and modules would be needed to better serve the needs of the University' users as well as to create efficiencies that could automate certain manual intensive tasks. We also recommend that the Banner users at the University are provided with training options that they can attend to capitalize on the components and functions of Banner that are specific to their roles at the University. Additionally, we recommend that the University create a comprehensive list of the various Banner reports that are being utilized by the users and work directly with Computing Technology Services to either train the users to run the reports themselves and/or to automate the report runs where possible to reduce the number of IT ticket requests for these types of reports.

Views of responsible officials and planned corrective actions:

Overall Information System Infrastructure - The University has authorized "emergency" spending for various required infrastructure items, including a new firewall and a tenfold increase in network bandwidth for the campus. For system reliability/uptime during power outages (i.e., ones caused by recent and anticipated storms) the University has acquired backup power generators to not only keep the University operational but to minimize data loss due to unplanned power outages. Yet the robustness, reliability, capacity and speed of the University's network infrastructure is still woefully inadequate. Budget requests are being made of the State to shore up the shortcomings in this area.

Computing Technology Services - The ticketing system was recently upgraded to allow for proactive user support by increasing remote system monitoring and maintenance. The updated systems also provides for system alerts, automation of certain services and remote troubleshooting. The Computing Technology Services plans to increase its communication regarding the new system and improved services campus wide during the second half of the year.

Banner - The University acknowledges that it's "ERP" software is not fully up-to-date nor is being fully and appropriately utilized.

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Section III - Federal Award Findings and Questioned Costs

This section should identify the audit findings required to be reported by the 2 CFR 200.516(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse). Where practical, findings should be organized by federal agency or pass-through entity.

FINDING 2016-003

Federal Program Information: Federal Direct Loan Program (CFDA #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): *Special Tests and Provisions - Disbursements To or On Behalf of Students:* For students that received disbursements of Direct Loans or Federal Perkins Loans, institutions must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.

If a student received financial aid while attending one or more other institutions, schools are required to request financial aid history using the National Student Loan Data System ("NSLDS") Student Transfer Monitoring Process. Under this process, a school informs NSLDS about its transfer students. NSLDS will "monitor" those students on the school's "inform" list and alert the school of any relevant financial aid history changes. A school must wait 7 days after it "informs" NSLDS about a transfer student before disbursing Title IV aid to that student. However, a school does not have to wait if it receives an alert from NSLDS during the 7-day period or if it obtains the student's financial aid history by accessing the NSLDS Financial Aid Professional website.

Condition: The University notified 3 students/parents of their loan disbursements more than 30 days before crediting the student's account; additionally, the University waited more than 30 days after crediting 1 student's account to send the required notification.

The University did not wait 7 days before disbursing funds to 2 transfer students.

Questioned Costs: None.

Context: 4 of 40 students selected for notification testing.

2 of 18 students selected for transfer monitoring testing.

Effect: The University was not in compliance with the requirements

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of Special Tests and Provisions - Disbursements To or On Behalf of Students.

Cause: Administrative oversight.

Identification as a Repeat Finding: Yes, this is a repeat finding of prior year finding 2015-002.

Recommendation: We recommend that the University enhances its processes over *Special Tests and Provisions - Disbursements To or On Behalf of Students.*

Views of responsible officials and planned corrective actions: The University experienced staff transitions in critical financial aid positions, most notably in the Director and the Data Coordinator positions, which resulted in a loss of critical institutional knowledge. In addition, the allocation of staffing resources resulted in procedures being performed by personnel with limited institutional knowledge related to processing and reporting deadlines.

The Financial Aid personnel participated in multiple training sessions throughout the fiscal year, facilitated by outside consultants, to ensure that all financial aid personnel were cross-trained in all aspects of financial aid processing and reporting deadlines. Additional training will take place each fiscal year and custom training sessions will be scheduled as new personnel are hired.

The Department of Education's Minority Serving and Under-Resourced Schools Division Staff will conduct on campus training in June 2017.

The internal audit staff will continue to conduct periodic audits of the financial aid processes throughout the year to ensure deficiencies identified are fully remediated in 2017 and beyond.

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FINDING 2016-004

Federal Program Information: Federal Direct Loan Program (CFDA #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): *Special Testes and Provisions - Borrower Data Transmission and Reconciliation*: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (“DLSS”) via the Common Origination and Disbursement (“COD”) no earlier than 7 days before and no later than 15 days after making a disbursement. Each month, the COD provides institutions with a School Account Statement (“SAS”) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month.

Condition: For 1 month selected for testing, the University did not reconcile the SAS data files to its financial records as required.

For 1 Federal Direct Loan Program student recipient selected for testing, the funds were not disbursed within the required time frames.

Questioned Costs: None

Context: 1 of 2 months selected for SAS reconciliation testing.

1 of 40 students selected for testing.

Effect: The University was not in compliance with the requirements of *Special Testes and Provisions - Borrower Data Transmission and Reconciliation*.

Cause: Insufficient internal controls and administrative oversight.

Identification as a Repeat Finding: No similar finding was noted during the 2015 audit.

Recommendation: We recommend that the University enhances its internal controls over compliance and processes over *Special Testes and Provisions - Borrower Data Transmission and Reconciliation*.

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Views of responsible officials and planned corrective actions:

The University experienced staff transitions in critical financial aid positions, most notably Director and the Data Coordinator positions, which resulted in a loss of critical institutional knowledge. In addition, the allocation of staffing resources resulted in procedures being performed by personnel with limited institutional knowledge related to processing and reporting deadlines.

The Financial Aid personnel participated in multiple training sessions throughout the fiscal year, facilitated by outside consultants, to ensure that all financial aid personnel was cross-trained in all aspects of financial aid processing and reporting deadlines. Additional training will take place each fiscal year and custom training sessions will be scheduled as new personnel are hired.

The Department of Education's Minority Serving and Under-Resourced Schools Division Staff will conduct on campus training in June 2017.

The internal audit staff will continue to conduct periodic audits of the financial aid processes throughout the year to ensure deficiencies identified are fully remediated in 2017 and beyond.

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Year Ended June 30, 2016

FINDING 2016-005

Federal Program Information: SFA Cluster (CFDA #84.007, 84.033, 84.063, 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

Financial Reporting: All schools receiving Pell grants submit Pell payment data to the U.S. Department of Education through the COD System. Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no earlier than (1) 7 calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2 payment methods. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the Pell Payment origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

Special Reporting: Institutions participating in the campus-based programs of the SFA Cluster are required to complete and submit a Fiscal Operations Report and Application to Participate (the "FISAP") annually. As applicable, amounts reported on each type of report should agree to financial information records that support the audited financial statements and the audited schedule of expenditures of federal awards.

Condition:

Financial Reporting: For 7 students selected for testing, the University exceeded the 15 calendar days allowed between when it made a payment and when the payment was reported.

Special Reporting: Though the University completed and submitted its FISAP within the required time frames, certain amounts included on the FISAP could not be reconciled back to supporting documentation. Additionally, no supporting

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Year Ended June 30, 2016

	documentation was provided evidencing that the FISAP was reviewed by someone other than the preparer.
Questioned Costs:	None.
Context:	7 of 40 students selected for <i>Financial Reporting</i> testing. 1 of 1 report selected for <i>Special Reporting</i> testing.
Effect:	The University was not in compliance with the requirements of <i>Reporting</i> .
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	Yes, this is a repeat finding of prior year finding 2015-006.
Recommendation:	We recommend that the University enhances its internal controls over compliance and processes over <i>Reporting</i> .
Views of responsible officials and planned corrective actions:	<p>SFA Cluster</p> <p>The University experienced staff transitions in critical financial aid positions, most notably in the Director and the Data Coordinator positions, which resulted in a loss of critical institutional knowledge. In addition, the allocation of staffing resources resulted in procedures being performed by personnel with limited institutional knowledge related to processing and reporting deadlines.</p> <p>The Financial Aid personnel participated in multiple training sessions throughout the fiscal year, facilitated by outside consultants, to ensure that all financial aid personnel was cross-trained in all aspects of financial aid processing and reporting deadlines. Additional training will take place each fiscal year and custom training sessions will be scheduled as new personnel are hired.</p> <p>The Department of Education's Minority Serving and Under-Resourced Schools Division Staff will conduct on campus training in June 2017.</p> <p>FISAP</p> <p>The University continues to strengthen its internal controls over its FISAP reporting procedures to ensure that all data reported is accurate and can be reconciled back to supporting documentation in the University's fiscal records. The completed FISAP will be reviewed by the Director of Financial</p>

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Aid and reconciled with the personnel from the divisions of Finance & Management and Institutional Research prior to submission.

The internal audit staff will continue to conduct periodic audits of the financial aid processes throughout the year to ensure deficiencies identified are fully remediated in 2017 and beyond.

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FINDING 2016-006

Federal Program Information: Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205) (“1890 Program”), Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031) (“Title III Program”), Research & Development Cluster (CFDA #Various) (“R&D Cluster”), and TRIO Cluster (CFDA #Various)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): *Equipment and Real Property Management:* Institutions that expend federal funds on equipment are required to conduct a physical inventory of the equipment at least once every 2 years and reconcile results of the count to the appropriate equipment records.

Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (collectively, the “Required Equipment Information”).

Condition: During the year ended June 30, 2016, the University conducted a physical inventory of equipment purchased with federal funds. However, due to insufficient internal controls, not all equipment purchased with federal funds were included in the physical inventory.

Questioned Costs: None.

Context: 1 of 1 physical inventory count selected for testing.

Effect: The University was not in compliance with the requirements of *Equipment and Real Property Management*.

Cause: Insufficient internal controls and administrative oversight.

Identification as a Repeat Finding: Yes, this is a repeat finding of prior year finding 2015-007.

Recommendation: We recommend that the University enhances its internal controls over compliance and processes over *Equipment and Real Property Management* to ensure that all equipment purchased with federal funds are included in the physical

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Year Ended June 30, 2016

inventory count

Views of responsible officials and planned corrective actions:

The physical inventory was completed December 31, 2014 for the University's primary location; unfortunately, due to changes/reductions in staffing and administration the process failed to include the various offsite locations.

A subsequent inventory was completed in June 2016 that included all University locations. While the inventory process had been modified encompass all facilities utilized by the University and included generating a comprehensive fixed assets listing from Banner, due to misunderstanding of the regulations the scope of the inventory was limited to capital assets which the University defines as assets valued at \$5,000 or more. Due to the limited scope the inventory did not address assets valued between \$1,000 and \$4,999 as required. An inventory of federal assets will be completed during the last quarter of fiscal year 2016-2017.

The inventory process is currently being reviewed and inquiries made to other South Carolina Universities regarding best practices and procedures. The University expects to have a modified process in place by mid fiscal year 2017-2018, and a comprehensive audit of capital and federal assets completed not later than June 2018.

The internal audit staff will be conducting periodic audits of fixed assets in upcoming years to minimize the risk of re-occurrence in future years.

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Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

FINDING 2015-001

Type of finding:	Financial statement finding.
Summary of prior year finding:	<p>Certain internal controls over the financial statement close process are either not formally documented or are not documented in enough detail that would allow someone new or someone unassociated with the process to easily close the financial records of the University in a timely manner. This includes internal controls over:</p> <ul style="list-style-type: none">• The preparation and review (independent of the preparer) of the details of the compilation of the University's financial statements, related notes to the financial statements and schedule of expenditures of federal awards.• The financial information systems (Banner) and applications (Excel, etc.) used to compile the financial statements and related notes to the financial statements• Obtaining the audited financial statements information needed from certain discretely presented component units of the University in a timely fashion (specifically the South Carolina State University Advancement Foundation). <p>In the aggregate, the above was identified as a significant deficiency in internal control over financial reporting.</p>
Current year status:	The financial statement close process was not conducted timely and resulted in the 2016 financial statements not being issued until January 30, 2016, thus Finding 2015-001 was not fully remediated. Refer to Finding 2016-001 for a summary of the 2016 finding.
Corrective action plan:	Refer to the corrective action plan within Finding 2016-001 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-002

Type of finding:	Federal awards finding.
Federal program:	Federal Perkins Loan Program (CFDA #84.038) and Federal Direct Loan Program (CFDA #84.268)
Summary of prior year finding:	<p><i>Special Tests and Provisions - Disbursements To or On Behalf of Students:</i> For students that received disbursements of Direct Loans or Federal Perkins Loans, institutions must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.</p> <p>The University notified 1 student or parent more than 30 days before crediting the student's account. The University also notified 2 students or parents more than 30 days after crediting each student's account.</p>
Current year status:	This finding was not fully remediated during fiscal year 2016 and is part of Finding 2016-003.
Corrective action plan:	Refer to corrective action plan within Finding 2016-003 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-003

Type of finding:	Federal awards finding.
Federal program:	SFA Cluster (various CFDA #'s)
Summary of prior year finding:	<p><i>Special Tests and Provisions - Verification:</i> For students selected for verification, institutions are required to obtain acceptable documentation to verify the information required, match information on the documentation to the student aid application, and, if necessary, submit data corrections to the central processor and recalculated awards.</p> <p>For 2 students selected for verification, the University did not perform the required verification. For 5 students selected for testing were not properly verified by the University.</p>
Current year status:	No similar finding was noted during the 2016 audit.
Corrective action plan:	As there was no similar finding noted during the 2016 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-004

Type of finding:	Federal awards finding.
Federal program:	Federal Perkins Loan Program (CFDA #84.038) and Federal Direct Loan Program (CFDA #84.268)
Summary of prior year finding:	<p><i>Special Tests and Provisions - Enrollment Reporting:</i> Under the Federal Perkins Loan Program and Federal Direct Loan Program, institutions are required to communicate student status changes by updating the Enrollment Reporting roster file within certain time frames.</p> <p>For 4 students selected for testing, the University erroneously reported the students as <i>withdrawn</i> rather than as <i>graduated</i>.</p>
Current year status:	No similar finding was noted during the 2016 audit.
Corrective action plan:	As there was no similar finding noted during the 2016 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-005

Type of finding:	Federal awards finding.
Federal program:	SFA Cluster (various CFDA #'s)
Summary of prior year finding:	<p><i>Special Tests and Provisions - Return of Title IV Funds:</i> Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Institutions must return the lesser of (1) the total amount of unearned Title IV assistance to be returned, or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. Additionally, whenever an institution disburses Title IV program funds by crediting a student's account and the total amount of all Title IV program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but:</p> <ol style="list-style-type: none">(1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or(2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. <p>For 2 students that received Title IV funds and withdrew during the year ended June 30, 2015, the University did not return the funds within the required time frames. For 1 student that received Title IV funds and withdrew during the year ended June 30, 2015, the University returned an amount that was less than what was required. For 1 student that received Title IV funds and had a credit balance in his/her student account during the year ended June 30, 2015, the University did not make a disbursement to the student within the required time frames.</p>
Current year status:	No similar finding was noted during the 2016 audit.
Corrective action plan:	As there was no similar finding noted during the 2016 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-006

Type of finding:	Federal awards finding.
Federal program:	1890 Program (CFDA #10.205), Environment Remediation and Waste Processing and Disposal (CFDA #81.104) (“ERWPD Program”), R&D Cluster (CFDA #Various), Rehabilitation Long-Term Training (CFDA #84.129) (“Rehab Program”), Gaining Early Awareness and Readiness for Undergraduate Programs (CFDA #84.334) (“GEAR Up Program”), and SFA Cluster (CFDA #Various)
Summary of prior year finding:	<p><i>L. Reporting</i> - The University is required to comply with the requirements of <i>Reporting</i> associated with its federal awards. Certain federal programs require financial reports and performance reports to be submitted within specified timeframes. Additionally, institutions participating in the campus-based programs of the SFA Cluster are required to complete and submit a Fiscal Operations Report and Application to Participate (the “FISAP”) annually. As applicable, amounts reported on each type of report should agree to financial information records that support the audited financial statements and the audited schedule of expenditures of federal awards.</p> <p>Exceptions were noted as following:</p> <ul style="list-style-type: none">• 1890 Program: 2 of 2 grants selected for <i>Reporting</i> testing• ERWPD Program: 2 of 2 reports selected for <i>Reporting</i> testing• R&D Cluster: 6 of 6 grants selected for reporting testing• Rehab Program: 2 of 3 grants selected for <i>Reporting</i> testing• GEAR Up Program: 1 of 2 grants reports selected for <i>Reporting</i> testing• SFA Cluster: 1 of 1 report selected for <i>Reporting</i> testing
Current year status:	This finding was not fully remediated during fiscal year 2016 and is part of Finding 2016-005.
Corrective action plan:	Refer to corrective action plan within Finding 2016-005 for management’s corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2016

FINDING 2015-007

Type of finding:	Federal awards finding.
Federal program:	1890 Program (CFDA #10.205), ERWPD Program (CFDA #81.104), R&D Cluster (CFDA #Various), and Title III Program (CFDA #84.031)
Summary of prior year finding:	<p><i>Equipment and Real Property Management:</i> Institutions that expend federal funds on equipment are required to conduct a physical inventory of the equipment at least once every 2 years and reconcile results of the count to the appropriate equipment records.</p> <p>Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (collectively, the “Required Equipment Information”).</p> <p>During the year ended June 30, 2015, the University conducted a physical inventory of equipment purchased with federal funds. However, no supporting documentation was available to substantiate that the results of the physical count were reconciled to equipment records and that the records were updated to include the Required Equipment Information.</p>
Current year status:	This finding was not fully remediated during fiscal year 2016 and is part of Finding 2016-006.
Corrective action plan:	Refer to corrective action plan within Finding 2016-006 for management’s corrective action plan.