AUDITOR GENERAL

WILLIAM O. MONROE, CPA

STATE OF FLORIDA

COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS

In Accordance With Government Auditing Standards and OMB Circular A-133

For the Fiscal Year Ended June 30, 2004

STATE OF FLORIDA
COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS

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EXECUTIVE SUMMARY

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires an audit of the State's financial statements and Federal awards programs as described in OMB Circular A-133. The audit of the State's financial statements, performed in accordance with *Government Auditing Standards*, culminates in an *Independent Auditor's Report* and a *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*. The audit of the State-administered Federal awards programs results in a *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.

Summary of Independent Auditor's Report

Our Report on the State's financial statements for the fiscal year ended June 30, 2004, is included in the Florida Comprehensive Annual Financial Report issued by the Chief Financial Officer.

Summary of Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Compliance

The results of our audit disclosed no instances of noncompliance that are required to be reported by *Government Auditing Standards*.

Internal Control Over Financial Reporting

We noted the following matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions:

- **Department of Environmental Protection** records of the Board of Trustees of the Internal Improvement Trust Fund were not adequate to document the ownership and valuation of a substantial portion of the land reported within the governmental activities at June 30, 2004. This was considered to be a material weakness in internal control. (Finding No. FS 04-01)
- The **Department of Juvenile Justice** reported buildings and building improvements and related accumulated depreciation at June 30, 2004, that were not adequately supported by complete, accurate, and verifiable information. (Finding No. FS 04-02)
- The **Agency for Workforce Innovation** did not have adequate internal controls at year-end to ensure the accuracy of amounts reported as taxes receivables and related allowance accounts. (Finding No. FS 04-03)

Other internal control matters were noted regarding payables and expenditures at the **Department of Children and Family Services**.

Summary of Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Compliance

Except for the Unemployment Insurance, Foster Care - Title IV-E, and Social Services Block Grant programs as described in the following paragraphs, the State of Florida complied, in all material respects, with the compliance requirements applicable to each of its major Federal awards programs.

Unemployment Insurance. Sufficient records were not maintained to support compliance with requirements applicable to the Special Tests and Provisions regarding Employer Experience Rating. Consequently, the **Agency for Workforce Innovation** and the **Department of Revenue** could not demonstrate that the **Unemployment Insurance** tax rates for all experience-based employers were properly calculated for the 2004 calendar year in accordance with applicable provisions of Florida Statutes. Absent sufficient records, we were not able to satisfy ourselves as to the State's compliance with those requirements. (Finding No. FA 04-016)

Foster Care – Title IV-E. The **Department of Children and Family Services** and contracted **Community-Based Care Agencies** did not properly document, in 9 of 40 cases reviewed, the determination of eligibility of children for which Foster Care payments were made. In 2 of the 9 instances, case file information showed that the eligibility requirements were not met. (Finding No. FA 04-061)

Social Services Block Grant (SSBG). The **Department of Children and Family Services** did not properly determine eligibility or did not document that **Temporary Assistance to Needy Families** funds transferred to the SSBG program were used for children and their families that met income eligibility requirements. (Finding No. FA 04-064)

The results of our audit also disclosed other instances of noncompliance pertaining to various programs administered by **various State agencies, universities, and community colleges**. Some of the instances of noncompliance, primarily those pertaining to the **Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility** compliance requirements, resulted in questioned costs subject to disallowance by the grantor agency. Other instances pertained to various compliance requirements including, but not limited to, **Matching, Level of Effort, and Earmarking; Subrecipient Monitoring; and Special Tests and Provisions**. Instances of noncompliance are described in the *Schedule of Findings and Questioned Costs*.

Internal Controls Over Compliance

We noted numerous matters at **various State agencies, universities, and community colleges** involving internal control over compliance and its operation that we consider to be reportable conditions. These conditions pertain to various compliance requirements including, but not limited to, **Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Equipment and Real Property Management, Reporting, and Subrecipient Monitoring**. Reportable conditions are described in the *Schedule of Findings and Questioned Costs*. The reportable conditions for the **Unemployment Insurance, Foster Care – Title IV-E, and Social Services Block Grant programs** described in the previous paragraphs on compliance were considered to be material weaknesses in internal control. The following reportable condition was also considered to be a material weakness.

State Domestic Preparedness Equipment Support. The **Department of Community Affairs** did not complete basic monitoring procedures to ensure equipment distributed to subrecipients was properly accounted for and utilized for Program purposes. (Finding No. FA 04-084)

Schedule of Expenditures of Federal Awards

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 State of Florida's basic financial statements. However, information in the *Schedule of Expenditures of Federal Awards* 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.

Audit Scope

During the 2003-04 fiscal year, State agencies, universities, and community colleges administered over 550 Federal awards programs or program clusters. We audited the State's compliance with governing requirements for 40 of the Federal awards programs or program clusters that we identified as major programs for the fiscal year ended June 30, 2004. Expenditures for the major programs totaled approximately $20.5 billion, or 94 percent of the total expenditures of $21.8 billion as reported on the State's *Schedule of Expenditures of Federal Awards*.

Our audit of Federal awards programs for the fiscal year ended June 30, 2004, did not include the administration of Federal awards programs by Workforce Florida, Inc., a blended component unit of the State, or the discretely presented component units other than the State universities and community colleges. As applicable, Federal awards programs administered by component units excluded from our audit, as well as, other governmental units and nonprofit organizations that receive Federal funds through the State, are subject to audits by other auditors.

Audit Methodology

Our audit was conducted 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*.

Please address inquiries regarding this report to Brenda Pelham, CPA, Audit Manager, via E-mail brendapelham@aud.state.fl.us or by telephone at (850) 488-5146.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (http://www.state.fl.us/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

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AUDITOR GENERAL
STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

WILLIAM O. MONROE, CPA
AUDITOR GENERAL

850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

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 President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the fiscal year ended June 30, 2004, which collectively comprise the State of Florida's basic financial statements and have issued our report thereon dated January 31, 2005. As disclosed in that report, our opinion on the governmental activities was qualified because of the inadequacy of records to document the ownership and valuation of a substantial portion of land reported within the governmental activities. Our report on the financial statements also includes our reference to the reports of other auditors.

Except as discussed above, 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. Matters relating to the State of Florida's administration of Federal awards will be reported in a separate audit report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Florida'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 State of Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in finding Nos. FS 04-01 through FS 04-03 in the Financial Statements Findings section of the Schedule of Findings and Questioned Costs.

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, of the reportable conditions referred to above, we consider finding No. FS 04-01 to be a material weakness.

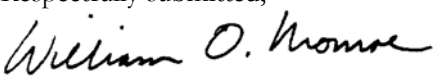
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, 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 herein under *Government Auditing Standards*.

We also reported to management a certain matter involving the State's internal control over financial reporting, which has been included as finding No. FS 04-04 in the Financial Statement Findings section of the Schedule of Findings and Questioned Costs.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, applicable management, and Federal and other awarding agencies. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA
January 31, 2005

AUDITOR GENERAL
STATE OF FLORIDA
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

WILLIAM O. MONROE, CPA
AUDITOR GENERAL

850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

Compliance

We have audited the compliance of the State of Florida with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2004. The State of Florida'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 management of the State of Florida. Our responsibility is to express an opinion on the State of Florida's compliance based on our audit.

The State of Florida's financial statements include the operations of component units that received Federal awards during the fiscal year ended June 30, 2004, that are not included in the State's supplementary *Schedule of Expenditures of Federal Awards*. Our audit of Federal awards, as described below, did not extend to Workforce Florida, Inc., a blended component unit, or to the discretely presented component units other than the State Universities and Community Colleges. As applicable, Federal awards administered by Workforce Florida, Inc., and the discretely presented component units other than the State Universities and Community Colleges are the subject of audits completed by other auditors.

Except as discussed in the following paragraph, 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 State of Florida'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. The legal determination on the State's compliance with these requirements is, however, ultimately the responsibility of the grantor agency.

We were unable to obtain sufficient documentation supporting the compliance of the State of Florida with the Unemployment Insurance Program (CFDA No. 17.225) regarding Special Tests and Provisions – Employer Experience Rating (see finding No. FA 04-016 in the accompanying Schedule of Findings and Questioned Costs), nor were we able to satisfy ourselves as to the State of Florida's compliance with those requirements by other auditing procedures.

As described in finding Nos. FA 04-061 and FA 04-064 in the accompanying Schedule of Findings and Questioned Costs, the State of Florida did not comply with requirements regarding Activities Allowed or Unallowed and Eligibility that are applicable to its Foster Care – Title IV-E Program (CFDA No. 93.658) and with requirements regarding Earmarking that are applicable to its Social Services Block Grant Program (CFDA No. 93.667). Compliance with such requirements is necessary, in our opinion, for the State of Florida to comply with the requirements applicable to the respective Program.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State of Florida's compliance with the requirements of the Unemployment Insurance Program regarding Special Tests and Provisions – Employer Experience Rating, and except for the noncompliance described in the above paragraph, the State of Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2004. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133. Those other instances of noncompliance are described within the accompanying Schedule of Findings and Questioned Costs as finding Nos. FA 04-:

001	003	007	019
023	028 through 030	034	036
039 and 040	043 through 049	054 and 055	057
059 through 061	063 through 069	072 and 073	075 through 079
081 through 083	087	089 and 090	092 through 106
110	114 and 115	117 through 120	

Internal Control Over Compliance

The management of the State of Florida 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 State of Florida'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 certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the State of Florida's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described within the Schedule of Findings and Questioned Costs as finding Nos. FA 04-:

002 through 018	020 through 033	035 through 040	042
044	046 through 053	055 through 058	060 through 071
073 through 081	083 and 084	086 through 088	089
092	101	107 through 109	111 through 117
119	121 through 123		

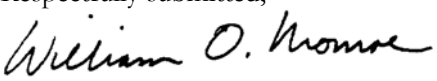
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that 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, of the reportable conditions described above, we consider finding Nos. FA 04-016 [Unemployment Insurance Program (CFDA No. 17.225)], FA 04-061 [Foster Care – Title IV-E Program (CFDA No. 93.658)], FA 04-064 [Social Services Block Grant Program (CFDA No. 93.667)], and FA 04-084 [State Domestic Preparedness Equipment Support Program (CFDA No. 97.004)] to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2004, and have issued our *Independent Auditor's Report on Financial Statements* dated January 31, 2005. That report disclosed the inadequacy of records to document the ownership and valuation of a substantial portion of State land reported within the governmental activities. That report also disclosed the implementation of Governmental Accounting Standards Board Statement No. 39 and our reference to the reports of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Florida'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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA
February 17, 2005
(except as related to field work in regard to the Schedule of Expenditures of Federal Awards that was performed concurrently with the Independent Auditor's Report on Financial Statements dated January 31, 2005)

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued by auditors	Qualified (1)
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Type of report the auditor issued on compliance for major programs:	Qualified (2)
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	$32,830,895
Auditee qualified as low-risk auditee?	No

Notes: (1) This report was qualified as a result of inadequate records of the ownership and valuation of a substantial portion of land. (Finding No. FS 04-01)

(2) This report is qualified with respect to the matters described in finding Nos. FA 04-016, FA 04-061, and FA 04-064.

MAJOR PROGRAMS
Fiscal Year Ended June 30, 2004

Name of Federal Program or Cluster	CFDA Number(s)	Total Expenditures
Cooperative Extension Service	10.500	$ 9,132,073
Food Stamp Cluster (1)	10.551 & 10.561	1,232,750,853
Child Nutrition Cluster (1)	10.553, 10.555, 10.556 & 10.559	491,638,991
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	221,817,116
Child and Adult Care Food Program	10.558	99,333,452
Community Development Block Grants - State's Program	14.228	36,830,243
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	24,275,783
Employment Service Cluster (1)	17.207, 17.801 & 17.804	47,474,573
Unemployment Insurance	17.225	1,394,911,705
Workforce Investment Act Cluster (1)	17.258, 17.259 & 17.260	133,404,234
Highway Planning and Construction	20.205	1,461,548,049
Jobs and Growth Tax Relief Reconciliation Act of 2003	21.000	310,000,000
Adult Education - State Grant Program	84.002	32,927,348
Title I Grants to Local Educational Agencies	84.010	503,782,966
Special Education Cluster (1)	84.027 & 84.173	514,104,804
Title III Higher Education - Institutional Aid	84.031	16,067,108
Federal Family Education Loans (FFEL) (3) (4)	84.032	1,350,562,023
Vocational Education - Basic Grants to States	84.048	57,453,872
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	117,673,029
Reading First State Grants	84.357	35,851,404
Improving Teacher Quality State Grants	84.367	108,891,371
Immunization Grants	93.268	58,891,812
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	41,410,366
Temporary Assistance for Needy Families	93.558	524,855,379
Child Support Enforcement	93.563	175,026,497
Refugee and Entrant Assistance - State Administered Programs	93.566	53,402,319
Low Income Home Energy Assistance	93.568	21,154,704
Child Care Cluster (1)	93.575 & 93.596	358,911,051
Foster Care - Title IV-E	93.658	121,720,037
Adoption Assistance	93.659	49,803,161
Social Services Block Grant	93.667	159,437,558
State Children's Insurance Program	93.767	313,216,181
Medicaid Cluster (1)	93.775, 93.777 & 93.778	7,969,717,773
HIV Care Formula Grants	93.917	103,746,294
Block Grants for Community Mental Health Services	93.958	35,851,640
Block Grants for Prevention and Treatment of Substance Abuse	93.959	117,601,988
State Domestic Preparedness Equipment Support Program	97.004	33,016,495
Public Assistance Grants	97.036	112,056,679
Student Financial Assistance Cluster (1)	(2)	1,493,621,548
Research and Development Programs Cluster (1)	(2)	535,106,485
Total		**$ 20,478,978,964**

Notes: (1) See the Schedule of Expenditures of Federal Awards that identifies the programs included within the respective clusters.
(2) See the Schedule of Expenditures of Federal Awards that identifies the various CFDA numbers included within the respective clusters.
(3) The FFEL Program at the Guaranty Agency (i.e., Florida Department of Education) is not part of the Student Financial Assistance Cluster. The Program is part of that cluster at State Universities and Florida Community Colleges.
(4) The amount shown includes the value of loans guaranteed during the 2003-04 fiscal year totaling $1,222,183,340. See the Schedule of Expenditures of Federal Awards, Note 2, for a description of the determination of the value of loans guaranteed.

FINANCIAL STATEMENTS FINDINGS

Our audit of the State of Florida's basic financial statements for the fiscal year ended June 30, 2004, disclosed reportable conditions over financial reporting and other financial-related internal control matters that we communicated to management with the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with GOVERNMENT AUDITING STANDARDS*. These reportable conditions and other financial-related internal control matters are included on the following pages and are categorized as follows:

- Reportable Condition. A matter 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 State of Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
- Material Weakness. 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 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.
- Other Internal Control Matters. Other matters involving deficiencies in the internal control over financial reporting which are of lesser significance than reportable conditions.

REPORTABLE CONDITION – MATERIAL WEAKNESS

LAND AND OTHER NON-DEPRECIABLE ASSETS

Finding Number	**FS 04-01**
Opinion Unit	Governmental Activities
SW Fund Number	800000
State Agency	**Florida Department of Environmental Protection (FDEP)**
OLO-GF-SF-FID	370000-80-9-000001
GL Code(s)	**271**
Finding	A significant portion of land reported within governmental activities at June 30, 2004, was not adequately supported by records documenting ownership and valuation.
Criteria	Generally accepted accounting principles require that land be recorded at historical cost.
Condition	As noted in previous years, records of the Board of Trustees of the Internal Improvement Trust Fund are not adequate to document the ownership and valuation of a substantial portion of land reported within governmental activities at June 30, 2004. FDEP land represents 27.4 percent of the total amount reported on the Governmental Activities financial statement line item "Land and Other Non-Depreciable Assets." It also represents 7.5 percent of total Capital Assets reported.
Cause	In response to prior year finding No. FS 03-01, the Department implemented a process during the 2003-04 fiscal year to reconcile and resolve significant differences between land records evidencing ownership and records used for financial reporting purposes. Although progress in resolving the differences has been made, material unresolved differences between the two sets of records still existed at June 30, 2004.
Effect	The accuracy of the value of land reported at June 30, 2004, has not been established.
Recommendation	We recommend that FDEP continue the reconciling process and resolve differences between land records evidencing ownership and those records used for financial reporting purposes. The reconciling process should include policies and procedures that address the unique characteristics of the electronic and manual ownership records.
State Agency Response and Corrective Action Plan	In response to prior findings and current year audit inquiries, the FDEP has implemented additional policies and procedures to ensure that current and future land acquisitions, disposals and exchanges are timely and accurately recorded in the records used for financial reporting purposes (the FLAIR Property Subsystem). Additional policies and procedures have been implemented to ensure these acquisitions, exchanges and disposals are timely recorded in the Board of Trustees Lands and Database System (BLTDS), and are readily identifiable and reconcilable between the FLAIR Property Subsystem and BLTDS. The FDEP continues to make progress in reconciling historical records through active research and comparison of the two sets of records from past years.
Agency Contact and Telephone Number	Lynda Watson, Chief of Finance and Accounting (850) 245-2420
Estimated Corrective Action Date	Policies and procedures to ensure that current and future land acquisitions, disposals and exchanges are recorded timely and accurately in both the FLAIR Property Subsystem and BLTDS and that these transactions are readily identifiable and reconcilable between the two systems have already been implemented. The Department continues to make good progress in reconciling

the historical records in the FLAIR Property Subsystem and BTLDS. These efforts are ongoing and will continue to be emphasized for the remainder of 2004-05 as well as during the 2005-06 fiscal year.

REPORTABLE CONDITION

CAPITAL ASSETS

Finding Number	**FS 04-02**
Opinion Unit	Governmental Activities
SW Fund Number	800000
State Agency	**Florida Department of Juvenile Justice (FDJJ)**
OLO-GF-SF-FID	800000-80-9-800001
GL Code(s)	**272**
Adjustment Amount	$14,155,683.95

Finding

FDJJ's buildings and building improvements and related accumulated depreciation reported at June 30, 2004, were not adequately supported by complete, accurate, and verifiable information.

Criteria

Generally accepted accounting principles require that capital assets be reported at historical cost (or estimated historical cost) less accumulated depreciation. Further, records evidencing complete and accurate information relating to the historical cost or other acceptable valuation methods should be obtained and retained to support reported capital asset amounts.

Condition

Although FDJJ performed a substantial amount of work to correct deficiencies in its capital asset records, FDJJ records were still not adequate to ensure that the amounts reported for buildings and building improvements in the governmental activities on the Statement of Net Assets were supported by complete, accurate, and verifiable information. During the fiscal year ended June 30, 2004, FDJJ employed a valuation methodology to estimate the historical cost of its approximately 875 buildings. However, we noted that, for 27 of the 45 historical building cost estimates we reviewed, FDJJ had used at least one incorrect factor in the estimate. In addition, some judgments used in the valuation process (e.g., building type and complexity of construction) were not documented.

We also noted that the total of the estimated historical building costs did not agree with the total value recorded in FDJJ accounting records as buildings and building improvements. As a result, depreciation expense and accumulated depreciation were not properly calculated at fiscal year-end utilizing the estimates of historical building costs determined through the valuation methodology process.

Cause

While the building valuation methodology employed by FDJJ appears acceptable, FDJJ did not ensure that the methodology was consistently applied or that every aspect of the methodology was adequately documented for each building. In addition, it does not appear that the historical building cost estimates and corresponding entries in FDJJ accounting records were appropriately reviewed by supervisory staff or by FDJJ staff responsible for financial reporting.

Effect

The accuracy and validity of the amount reported for FDJJ capital assets at June 30, 2004, has not been established.

Recommendation

We recommend that FDJJ enhance its procedures to ensure that reported buildings and building improvements and the related accumulated depreciation are supported by complete, accurate, and verifiable information. Such procedures should include adequate supervisory review and communication between FDJJ staff responsible for the recording and reporting of capital assets.

State Agency Response and Corrective Action Plan

We concur with finding. We are in the process of enhancing our procedures to ensure that reported buildings and building improvements and the related accumulated depreciation are supported by complete, accurate, and verifiable information. This information will be corrected and verified by February 28, 2005. We will ensure that adequate supervisory review and communication between staff responsible for recording and reporting capital assets is a part of the

	enhancement process and procedures.
Agency Contact and Telephone Number	Jane McElroy, Director of Administration
Estimated Corrective Action Date	February 28, 2005

REPORTABLE CONDITION

NET RECEIVABLES

Finding Number	**FS 04-03**
Opinion Unit	Unemployment Compensation Fund
SW Fund Number	507501
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
OLO-GF-SF-FID	750000-50-2-765002 & 750000-50-2-767002
GL Code(s)	**152,159**

Finding

Reported taxes receivable at June 30, 2004, were not adequately supported; appropriate reconciliations were not performed or completed; the method used to determine the benefit receivable allowance account at June 30, 2004, was not supported; and detailed records used in the tax rate calculation were not retained.

Criteria

Generally accepted accounting principles require the use of the accrual basis of accounting to report receivable balances, net of estimated uncollectible amounts. Effective internal controls over financial reporting provide for timely and effective reconciliations, appropriate subsidiary records, and accurate reporting of accounts receivable.

Condition

With regard to the Unemployment Compensation Fund, we noted the following deficiencies:

- Reported taxes receivable totaling $56 million were not supported by subsidiary records. On three separate occasions, FAWI was unable to provide subsidiary records in support of the reported taxes receivable. Subsidiary records provided to us contained reported totals ranging from $75 million to $280 million.
- Reconciliations between the Unemployment Compensation (UC) subsystems and the State's accounting records were not performed. In addition, although FAWI is in the process of performing reconciliations between Florida's account in the Federal Unemployment Trust Fund and the State's accounting records, these reconciliations are not complete.

As also reported in audit report No. 2004-168, the following deficiencies continue to exist:

- The method used to estimate the benefit receivable allowance account was not adequately supported to demonstrate management's evaluation of uncollectibility. FAWI stated that an analysis had been performed and the allowance of uncollectible was established at 23 percent of active benefit overpayment cases. This analysis was performed in the early 1990s and has not been revisited.
- Detailed electronic records for use in the experience-based employers' tax rate calculation were not retained. Therefore, FAWI cannot demonstrate that the correct tax rates were calculated in accordance with State law for the 2004 calendar year.

Cause

Management had not established procedures to timely and accurately produce from the subsidiary records support for taxes receivable reported at fiscal year-end ($56 million), perform appropriate reconciliations, ensure that the benefit receivable allowance account is accurately reported on the financial statements, and ensure that detailed records were retained to support the tax rate calculation.

Effect

As a result of the above-noted deficiencies, FAWI's could not accurately and completely summarize and report receivable financial data, net of uncollectible amounts. Lack of timely reconciliations increases the risk of errors or fraud that

can go undetected for long periods of time. Absent detailed electronic records supporting the tax rate calculation, FAWI cannot demonstrate that the tax rates were established in compliance with applicable statutory provisions.

Recommendation

We recommend that FAWI establish procedures to capture and retain data from the subsidiary records during the year-end process to support reported fiscal year-end balances, as appropriate. We also recommend that FAWI timely perform and complete appropriate reconciliations. In addition, we recommend that FAWI evaluate and document the method used to report benefit receivable allowance amounts. Through proper oversight, FAWI should ensure that detailed records used for the tax rate calculation are retained.

State Agency Response and Corrective Action Plan

FAWI will continue to work with the UC Applications Team at STO to ensure that documentation is available to support fiscal year-end balances reported.

FAWI's Finance & Accounting unit will work with DOR and draft procedures to be used for reconciliation of UC system deposits to those recorded in FLAIR and reflected in central accounting. The reconciliation will be completed by the Reconciliation staff in Finance & Accounting.

The reconciliation between the Federal UTF and the State's accounting system (FLAIR) is being prepared and updated monthly. However, there is a long-standing difference which is still being researched for resolution. Both Department of Financial Services (DFS) Division of Treasury staff and DFS Division of Accounting staff have been included in discussions of the situations that led to the discrepancy, but FAWI will provide the coordination for their solution. Year-by-year detail is being reviewed for activity identified as the source of the discrepancies; this detail will provide the supporting documentation for corrective actions. The FY 04 review is being completed first, then the first half of FY05 will be completed. From there, research will continue back as far as records are available, with corrections being processed for all documented activity. At present, a process is being implemented to ensure that all activity is properly recorded in FLAIR, the UTF and the Division of Treasury.

The FAWI Unemployment Compensation Program staff responsible for estimating the benefit receivable allowance for uncollectibility of benefit overpayments will consult with the FAWI Financial Management in order to jointly determine an appropriate method of calculation to estimate the allowance of uncollectible active benefit overpayment cases. This calculation will consider external circumstances that may not be reflected in the data but could have an impact on the uncollectible allowance.

After consultation with FAWI's Information Technology Service Provider, the State Technology Office (STO), including STO's contracted partners, FAWI requested and received a documented plan to ensure that detailed records used for the tax rate calculation are retained. STO has assured FAWI that the plan was successfully executed during the calculation of the 2005 tax rates and the tapes containing this data are securely stored off-site.

Agency Contact and Telephone Number

Tom Clendenning, Deputy Director for UI, (850) 245-7499
Wayne Summerlin, Comptroller, (850) 245-7348

Estimated Corrective Action Date

The year end subsidiary ledger should be available by June 30, 2005. The reconciliation with the UC subsystems and FLAIR should be complete by May 31, 2005. The reconciliation between FLAIR and the Federal UTF should be substantially complete by June 30, 2005. The new calculation formula for estimating the benefits availability should be available by the end of the first quarter, 2005. The detailed electronic records for use in calculating the experience-based employer's tax rate calculation that was effective as of the end of October 2004 is currently available and is being stored in an off-site facility.

OTHER INTERNAL CONTROL MATTERS

ACCOUNTS PAYABLE AND EXPENDITURES

Finding Number	**FS 04-04**
Opinion Unit	General Fund Health and Family Services Fund Internal Service Fund
SW Fund Number	100000, 202400, 602001
State Agency	**Florida Department of Children and Family Services (FDCFS)**
OLO-GF-SF-FID	**600000-10-1-000326; 20-2-021060; 20-2-027005; 20-2-261015; 20-2-639022; 60-2-792014**
GL Code(s)	**311, 711**

Finding

FDCFS improperly reported accounts payable in several funds at June 30, 2004, which contributed to misstating related expenditures for the 2003-04 fiscal year.

Criteria

Generally accepted accounting principles require the reporting of accounts payable for goods or services received but not yet paid at fiscal year-end.

Condition

As similarly noted in audit report No. 2004-168, finding No. FS 03-10, FDCFS reported the entire encumbered amount of some contracts as accounts payable. However, only a portion of the encumbered amount represented accounts payable (instances where goods and services had actually been received, but not yet paid at fiscal year end).

We also noted instances in the 2004-05 fiscal year where invoices, for goods or services received during the 2003-04 fiscal year, were paid and had not been recorded as accounts payable for the 2003-04 fiscal year.

Cause

FDCFS procedures regarding the establishment of certified forward amounts for outstanding contracts require the Administrative Services Support Center (ASSC) staff to request that contract managers provide the year-end encumbrance balance on contracts that should be established as accounts payable. When the contract manager does not know or does not communicate to the ASSC staff the amount payable for goods and services received on or before June 30, the ASSC staff certifies the remainder of the encumbrance balance on the contract as accounts payable.

FDCFS procedures did not establish accounts payable for invoices at year-end when certified forward releases were insufficient.

Effect

The accounts payable and related expenditure balances were misstated in the General Fund, the Health and Family Services Fund, and the Internal Service Fund by immaterial amounts of $2,620,125, $1,591,957, and $526,919, respectively.

Recommendation

We again recommend that FDCFS enhance the necessary controls to accurately identify and report accounts payable to ensure that amounts are fairly presented in accordance with generally accepted accounting principles. We also recommend that FDCFS consider providing additional training to agency personnel and consider consulting with the Department of Financial Services for further guidance.

State Agency Response and Corrective Action Plan

In our response to finding FS 03-10, audit report No. 2004-168, the Department agreed to conduct additional training sessions for, and provide communication to, contract management staff to stress the importance of obtaining and reporting accurate projections of the remaining contract amounts that require certification forward. Given the nature of the certification forward process, the mandate of § 216.301 (1)(a), Florida Statutes, and department year-end processing policy, we feel our actions are appropriate as they relate to financial statement preparation.

	In order to further strengthen financial statements per the recommendation above, FDCFS will implement a process whereby any item that cannot be certified forward due to insufficient release will be listed as a payable. These items will not be included in certified forward and will be accounted for in the financial statements. As we did in 2003, FDCFS will redouble our efforts to continue to provide education to department contract managers on the process and importance of submitting invoices timely to ensure that payables are listed in the year they occur. We will also consult with DFS for further guidance, as suggested.
Agency Contact and Telephone Number	Dennise Parker, Director, FDCFS Administrative Services Support Center Director (850) 410-1927
Estimated Corrective Action Date	06/30/2005

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FEDERAL FINDINGS AND QUESTIONED COSTS

Our audit findings with regard to compliance with the requirements of major Federal awards programs and internal controls over compliance with the requirements of major Federal awards programs are disclosed on the following pages. Where applicable and determinable, we have disclosed actual questioned costs where known or likely questioned costs exceeded $10,000. To identify the nature and significance of each finding, we have identified each finding with one or more of the following designations:

- Reportable Condition. A matter that represents a significant deficiency in the design or operation of the internal control over compliance that could adversely affect the State's ability to administer a major Federal award program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is considered in relation to a type of compliance requirement or applicable audit objective identified in the OMB Circular A-133 Compliance Supplement.
- Material Weakness. 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 that would be material in relation to a major Federal award program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. A material weakness is considered in relation to a type of compliance requirement or applicable audit objective identified in the OMB Circular A-133 Compliance Supplement.
- Material Noncompliance. A finding presenting noncompliance with provisions of laws, regulations, contracts, or grants caused by error or fraud, the effects of which are material in relation to a type of compliance requirement or applicable audit objective identified in the OMB Circular A-133 Compliance Supplement.
- Opinion Qualification. A finding presenting a condition that affects the auditor's ability to give an unqualified opinion on compliance. This would include findings of (a) noncompliance with provisions of laws, regulations, contracts, or grants, the effects of which are material to the respective major Federal award program; or (b) inadequate records that resulted in restrictions being placed on the scope of the audit. Findings that affect our ability to give an unqualified opinion on compliance with requirements applicable to the major Federal program are also identified in the *Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
- Questioned Costs. Costs that are questioned by the auditor because of an audit finding (a) that resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; (b) for which the costs, at the time of the audit, are not supported by adequate documentation; or, (c) for which the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.
- Other. Matters of significance that, in the auditor's opinion, should be reported but do not clearly fit in any of the above-noted designations.

We have presented our findings by Federal grantor agency and, generally, in the order of the Catalog of Federal Domestic Assistance Number (CFDA No.) assigned to each applicable Federal award program. Findings that pertain to more than one program are generally presented as the first finding within the Federal grantor agency section. In some instances, a finding may pertain to programs provided by more than one Federal grantor agency. In such instances, the finding is presented within the section for the Federal grantor agency that provided the most funding for the applicable State agency. These findings can be identified by referring to the *Index of Federal Findings by Federal Agency*.

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U.S. DEPARTMENT OF AGRICULTURE

Finding Number	**FA 04-001**
CFDA Number	10.500
Program Title	**Cooperative Extension Service**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	4510008905, October 1, 2002 – September 30, 2003, and October 1, 2003 – September 30, 2004
Finding Type	Material Noncompliance Questioned Costs – $15,843

Finding

The institution did not properly review and approve, maintain supporting documentation of, and accurately record payment of Cooperative Extension grant expenditures.

Criteria

OMB Circular A-21, Section C; OMB Circular A-110, Sections .27 and .28; Title 7, Sections 345, 3221, and 3319 United States Code; FAMU Sponsored Research Procedural Guide

Condition

Seven of 15 grant expenditures tested contained various errors as noted below.

- Expenditures totaling $1,972 were for unallowable building repairs.
- A payment of $3,851 was not adequately supported to demonstrate allowability.
- An expenditure of $10,020 was not correctly allocated between two grant periods.
- An expenditure was incorrectly coded on the institution's accounting records, and
- Payment for the expenditures was not always reviewed and approved by the Division of Sponsored Research and the Principal Investigator (PI).

A similar finding was noted in report No. 2004-168, finding No. FA 03-02.

Cause

Program expenditures were not properly reviewed by the Cooperative Extension, Sponsored Research, and Controller offices within the institution.

Effect

Program funds were used for goods or services which were not allowable, allocable and reasonable under the grant.

Recommendation

We recommend that the institution return the questioned costs totaling $15,843. In addition, we again recommend that the institution enhance procedures to ensure that all grant expenditures are properly documented, reviewed, and approved prior to payment; and that accurate recording of transactions is made in the accounting records.

FAMU Response and Corrective Action Plan

Corrections have been made, regarding the questioned costs and coding error identified in this finding. Additionally, the University is currently implementing a process to ensure compliance with grantor stipulations for all inter-fund transactions. Further, the University will assign knowledgeable personnel to monitor the process for full compliance with the terms of the award.

FAMU Contact and Telephone Number

Dr. Castell V. Bryant, President
(850) 599-3225

Estimated Corrective Action Date

Correction of questioned costs and coding error identified in this finding - completed; development of inter-fund transactions process - May 1, 2005; and full implementation of an automated system - July 1, 2005.

U.S. DEPARTMENT OF AGRICULTURE

Finding Number	**FA 04-002**
CFDA Number	10.500
Program Title	**Cooperative Extension Service**
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	4510008905, October 1, 2002 – September 30, 2003
Finding Type	Reportable Condition
Finding	The institution did not document compliance with the matching requirement for the Cooperative Extension Service grant.
Criteria	OMB Circular A-110, Section .23; 7 USC 3222d; 7 CFR 3419; and USDA CSREES OD-1088-G FY 2003
Condition	For the 2003 Federal fiscal year, the institution was awarded $1,337,705 for the Cooperative Extension Service grant. During this period, the institution was to provide matching funds from non-Federal sources in an amount equal to, but not less than, 60 percent of the distributed Federal grant funds. As of June 30, 2004, 3 months prior to the end of the grant period, the institution's accounting records reported Federal grant expenditures totaling $1,270,127. The required matching funds for the reported grant expenditures should be $762,076 (60 percent of $1,270,127). However, the institution only documented $250,392 in non-Federal funds match.
Cause	As similarly noted in report No. 2004-168, finding No. FA 03-90, report No. 03-167, finding Nos. 02-006 and 02-099, and report No. 02-192, finding No 01-005, the institution's procedures are not adequate to monitor and document compliance with matching requirements for Federal grant awards.
Effect	Federal funds that are not matched by a State may be redistributed by USDA to eligible institutions whose State has satisfied the matching funds requirement for that fiscal year.
Recommendation	We again recommend that the institution develop procedures to monitor matching requirements and document that the matching was actually met.
FAMU Response and Corrective Action Plan	The University is currently developing procedures to monitor and maintain documentation to evidence compliance with matching requirements. The University is also researching various automated time and effort reporting systems for future implementation.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	May 31, 2005 for a modified effort reporting system; June 30, 2005 for development of procedures; and no later than December 31, 2005 for full implementation of an automated effort reporting system.

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-003**
CFDA Number	16.586
Program Title	**Violent Offender Incarceration and Truth in Sentencing Incentive Grants (VOITIS)**
Compliance Requirement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
State Agency	**Florida Department of Corrections (FDOC)**
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $1,800,000 (Federal Share $1,620,000)
Finding	FDOC may have improperly used VOITIS Program funds for the design and construction of a potable water transmission system owned by a local municipality.
Criteria	28 CFR 66.31(a) through (c); VOITIS Answers to Frequently Asked Questions, F.16 & F.18
Condition	Federal regulations require that title to real property acquired under a grant will vest upon acquisition to the grantee and that the grantee shall not dispose of or encumber the title or other interests. In addition, VOITIS Program guidelines state that the purpose of grant funds is to increase space for violent offenders. As the State is responsible for site selection, costs associated with the selected site that are not directly related to the construction of the correctional facility are a State responsibility and may not be paid with VOITIS Program funds. One of the 18 expenditure transactions of VOITIS Program funds we reviewed at FDOC was a $1.8 million expenditure to a local municipality for the design and construction of a potable water transmission system. According to the terms of the contract between FDOC and the local municipality, the municipality shall own, operate, and maintain the master pumping station, elevated water tank, reuse tank, well #2, and raw water piping.
Cause	As the *VOITIS Answers to Frequently Asked Questions* does not specifically address the situation described in the Condition above, VOITIS Program regulations may be subject to interpretation. According to FDOC personnel, FDOC considered the costs an impact fee and an allowable VOITIS Program expenditure because the funds were not used to expand the local water or sewer treatment plant and because the equipment was for the exclusive use of FDOC.
Effect	As FDOC did not retain ownership of the potable water transmission system, this may not be an allowable expenditure and FDOC may be required to reimburse the VOITIS Program for funds used for the related construction costs.
Recommendation	We recommend that FDOC seek guidance from the USDOJ regarding the allowability of the above-mentioned expenditure of VOITIS Program funds. In addition, if the expenditure is determined to be unallowable, FDOC should promptly reimburse the VOITIS Program.
State Agency Response and Corrective Action Plan	The FDOC is seeking guidance from the USDOJ regarding the allowability of the above-mentioned expenditure of VOITIS Program funds as recommended.
Agency Contact and Telephone Number	Rhonda Vause, Chief Bureau of Finance and Accounting (850) 410-1907
Estimated Corrective Action Date	03/08/2005

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-004**
CFDA Number	16.586
Program Title	**Violent Offender Incarceration and Truth in Sentencing Incentive Grants (VOITIS)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Juvenile Justice (FDJJ)**
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Reportable Condition – FDJJ Internal Audit Disclosure Questioned Costs – $239,460 (Federal Share $215,514)
Finding	An audit conducted by the FDJJ Office of the Inspector General, Bureau of Internal Audit (OIG), noted deficiencies related to a substance abuse treatment contractor and identified funds that should be recovered from the contractor.
Condition	In Report Number A20401, *Audit of the Department's VOI/TIS-Funded Contract With Consult Care, Inc.*, dated January 12, 2005, the FDJJ OIG reported deficiencies related to substance abuse treatment contractor, Consult Care, Inc., and identified Federal and State funds that should be recovered from the contractor. Some of the contractor deficiencies noted included: operating three programs/facilities without licenses; utilizing therapists, social workers, case managers, and addiction professionals who were not licensed or certified; failing to provide qualified supervisors for staff performing regulated activities; and failing to maintain documentation to distinguish between substance abuse and mental health services. In addition, the FDJJ OIG reported that FDJJ documentation and review procedures were not adequate to ensure required services were provided prior to payment. The FDJJ OIG recommended that $239,460 be recovered from Consult Care, Inc., for the periods that the contractor provided services in unlicensed facilities. In addition, the FDJJ OIG recommended that funds be recovered for staff costs related to positions that were vacant, inadequately or inappropriately staffed, or inadequately supervised since the inception of the contract. The FDJJ OIG also recommended that funds be recovered for costs paid that cannot be distinguished from mental health services costs and for services that were not delivered. According to the FDJJ OIG report, the contract (No. X1062) was effective from December 26, 2001, through June 30, 2004, and totaled approximately $1.9 million.
Effect	FDJJ may be required to repay VOITIS Program funds for costs related to the Consult Care, Inc., contract that were disallowed or could not be identified as VOITIS Program costs.
Recommendation	We recommend that FDJJ keep us informed of the status of the funds recovery and corrective actions taken as a result of the FDJJ OIG audit findings. We also recommend that FDJJ appropriately restore any disallowed costs to the VOITIS Program.
State Agency Response and Corrective Action Plan	FDJJ is working with FDLE to determine appropriate corrective actions as it relates to the above referenced internal audit and will keep the Auditor General's office informed of actions regarding this finding and recommendation.
Agency Contact and Telephone Number	Jennifer Parker, General Counsel (850) 921-4129
Estimated Corrective Action Date	We have not yet determined a date for this issue to be resolved.

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-005**
CFDA Number	16.586
Program Title	**Violent Offender Incarceration and Truth in Sentencing Incentive Grants (VOITIS)**
Compliance Requirement	Equipment and Real Property Management
State Agency	**Florida Department of Juvenile Justice (FDJJ)**
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Reportable Condition
Finding	FDJJ did not properly record construction expenditures funded with VOITIS Program and State matching funds in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem (the State's property records).
Criteria	28 CFR 66.20(a) and (b), Standards for financial management systems; 28 CFR 66.31, Real property
Condition	As similarly noted in previous audit reports, most recently in report No. 2004-168, Finding No. FA 03-12, FDJJ did not properly record VOITIS Program construction expenditures as construction work-in-progress (CWIP) in the State's property records. In one instance, FDJJ did not record building code administrative services totaling $25,055.90 as CWIP and, in another instance, FDJJ recorded the same expenditure twice resulting in an overstatement in CWIP of $25,000.
Cause	FDJJ did not always properly identify construction expenditures as CWIP and FDJJ procedures are not adequate to detect that an original CWIP entry was not reversed when the corresponding expenditure entry was reversed.
Effect	Failure to appropriately capitalize all construction costs limits management's ability to ensure that assets are reported correctly, used only for authorized VOITIS Program purposes, and that grantor requirements are considered if the assets are subsequently disposed of or used for other than VOITIS Program purposes.
Recommendation	We recommend that FDJJ enhance procedures to ensure that all applicable construction costs are recorded in the FLAIR Property Subsystem as CWIP and that CWIP amounts are appropriately reclassified upon project completion. We also recommend that FDJJ provide additional training to personnel responsible for recording fixed assets in the State's accounting records.
State Agency Response and Corrective Action Plan	We concur. As a result, the department has updated DJJ Policy FDJJ-1390, "Facility Services Budget Allocations, Allotments, Revenue Management, Finance and Accounting Processes and Internal Controls" to include Section III, "Standard/Procedures"; Part F, "Construction Work-in-Progress (CWIP) Responsibilities." This section delineates the procedures to be followed to ensure that applicable construction cost are recorded in FLAIR as CWIP and that CWIP amounts are reclassified once the project is completed. Staff who are responsible for recording fixed assets are aware of the procedures in this updated policy.
Agency Contact and Telephone Number	Gil Cancel, Chief of General Services (850) 921-6589
Estimated Corrective Action Date	Correction has been completed.

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-006**
CFDA Number	16.586
Program Title	**Violent Offender Incarceration and Truth in Sentencing Incentive Grants (VOITIS)**
Compliance Requirement	Equipment and Real Property Management
State Agency	**Florida Department of Corrections (FDOC)**
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Reportable Condition
Finding	FDOC did not properly record construction expenditures funded with VOITIS Program funds in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem (the State's property records).
Criteria	28 CFR 66.20(a) and (b), Standards for financial management systems; 28 CFR 66.31, Real property
Condition	FDOC undercapitalized the value of one of the three construction projects completed during the 2003-04 State fiscal year and funded, in part, by the VOITIS Program. The project expenditures totaled $2,456,943; however, FDOC recorded the value of the project in the property records as $2,235,698. The difference of $221,245 related to the Federal share of the project costs.
Cause	FDOC procedures for recording construction work-in-progress (CWIP) in the property records and accurately reclassifying those expenditures upon project completion to the buildings account were not sufficient to ensure that all applicable construction costs were properly capitalized and recorded in the property records.
Effect	Failure to appropriately capitalize all construction costs limits management's ability to ensure that assets are reported correctly, used only for authorized VOITIS Program purposes, and that grantor requirements are considered if the assets are subsequently disposed of or used for other than VOITIS Program purposes.
Recommendation	We recommend that FDOC enhance procedures to ensure that all applicable construction costs are recorded in the FLAIR Property Subsystem as CWIP and that CWIP amounts are appropriately reclassified upon project completion. We also recommend that FDOC provide additional training to personnel responsible for recording fixed assets in the State's accounting records.
State Agency Response and Corrective Action Plan	The FDOC has made the necessary adjustments to our financial records and has enhanced our procedures to ensure all applicable construction costs are recorded in the FLAIR Property Subsystem as CWIP and that CWIP amounts are appropriately reclassified upon project completion as recommended.
Agency Contact and Telephone Number	Rhonda Vause, Chief Bureau of Finance and Accounting (850) 410-1907
Estimated Corrective Action Date	03/08/2005

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-007**
CFDA Number	16.586
Program Title	**Violent Offender Incarceration and Truth in Sentencing Incentive Grants (VOITIS)**
Compliance Requirement	Procurement and Suspension and Debarment
State Agency	**Florida Department of Corrections (FDOC)** **Florida Department of Juvenile Justice (FDJJ)**
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012
Finding Type	Material Noncompliance and Reportable Condition

Finding

FDOC and FDJJ did not always properly verify that an entity was not suspended or debarred prior to entering into a covered transaction with that entity.

Criteria

68 Federal Register 66547, November 26, 2003, Subpart C, __.300 *Governmentwide Debarment and Suspension (Nonprocurement)*

Condition

As of November 26, 2003, Federal regulations require non-Federal entities to determine that entities receiving subawards of any value and entities receiving procurement contracts equal to or exceeding $25,000 are not suspended or debarred. Our review of 10 covered transactions entered into subsequent to November 26, 2003, at FDOC (4 related to contracts and 2 related to purchase orders) and FDJJ (4 related to contracts) disclosed:

- FDOC issued purchase orders in the amounts of $29,132 and $25,263 absent verification that the vendor was not suspended or debarred.

  Subsequent to audit inquiry, FDOC revised procurement procedures to require verification that a vendor is not suspended or debarred for all purchase orders equal to or exceeding $25,000.

- Contrary to FDJJ procedures, suspension and debarment certificates were not obtained for two substance abuse contracts (for $39.8 million and $2.7 million, respectively) issued by the Bureau of Contracts and Purchasing. A similar finding was reported in audit report No. 2004-168, finding No. FA 03-13. FDJJ indicated in the Summary Schedule of Prior Audit Findings that the status of finding No. FA 03-13 was "fully corrected." However, based on our review, it appears that corrective actions had not been fully implemented.

  Subsequent to audit inquiry, the Bureau of Contracts and Purchasing modified standard contract language to add a clause that requires contractors to certify that they have not been suspended or debarred, or otherwise excluded, from participation in Federal programs.

On the date of our review, none of the vendors or contractors (or their principals) for the 10 covered transactions were listed on the General Services Administration's *List of Parties Excluded From Federal Procurement or Nonprocurement Programs*.

Cause

FDOC, Bureau of Purchasing, was not aware of the compliance requirement change and, therefore, did not update procurement procedures to require verification of suspension and debarment for covered transactions between $25,000 and $100,000.

FDJJ, Bureau of Contracts and Purchasing, personnel failed to follow established FDJJ procurement policy.

Effect

FDOC and FDJJ could enter into and use Federal granted dollars to pay for contracts with entities that have been suspended or debarred from participation in Federal programs.

Recommendation

We recommend that FDOC ensure that revised procedures are properly implemented and adhered to and that steps are taken to ensure compliance with any future Federal regulation changes. Also, we recommend that FDJJ take appropriate measures to ensure procurement procedures are communicated to and followed by all applicable FDJJ staff.

State Agency Response and Corrective Action Plan

Florida Department of Corrections:

The FDOC is revising procedures to ensure compliance with Federal regulations as recommended.

Florida Department of Juvenile Justice:

We concur. FDJJ will take appropriate measures to ensure that procedures are communicated to and followed by all applicable staff to include the Bureaus of Contracts, Facility Services, and Purchasing and Leasing. The Bureau of Contracts has already made changes to documents to ensure compliance with the recommendations of this audit.

Agency Contact and Telephone Number

Florida Department of Corrections:

Lisa Bassett, Chief, Bureau of Procurement and Supply
(850) 410-4091

Florida Department of Juvenile Justice:

Kim Ward, Chief, Bureau of Contracts, (850) 414-6248, Gil Cancel, Chief of General Services, (850) 921-6589, Laura Jennings, Director of Purchasing and Leasing (850) 921-7952

Estimated Corrective Action Date

Florida Department of Corrections:

03/08/2005

Florida Department of Juvenile Justice:

March 3, 2005

FA 04-008 FINDING NOT USED.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-009**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition

Finding

FAWI did not always timely obtain and review subrecipient audit reports or timely issue management decisions.

Criteria

OMB Circular A-133 §___.320(a), §___.405(d), and §___.505(c); FAWI *Audit and Audit Resolution Responsibilities*

Condition

Our review of FAWI records related to 10 subrecipients that were required to obtain OMB Circular A-133 audits disclosed that:

- One audit report received by FAWI on April 2, 2004, disclosed 35 findings related to internal control and program compliance deficiencies. Twelve of these findings were reported as material weaknesses. Contrary to Federal guidelines and FAWI procedures that require a management decision be issued within six months after audit report receipt, FAWI issued the management decision letter related to the audit report on November 24, 2004, 53 days after the six-month time period elapsed.

  The subrecipient audit report pertained to the following major programs:

  U.S. Department of Labor:
  17.207, 17.801, and 17.804 – Employment Services Cluster
  17.258, 17.259, and 17.260 – Workforce Investment Act Cluster

  U.S. Department of Education:
  84.002 – Adult Education State Grant Program

  A similar finding was noted in audit report No. 2004-168, finding No. FA 03-14.

- Although one audit report received by FAWI on February 18, 2004, did not include the report on compliance with law, regulations, and the provisions of contracts or grant agreements (report on compliance), FAWI issued a written management decision to the subrecipient on February 19, 2004, indicating that the requirements of OMB Circular A-133 had been met. Subsequent to audit inquiry, FAWI staff contacted the auditor and obtained a copy of the report on compliance on January 4, 2005, 312 days late.

  The subrecipient audit report pertained to the following major programs:

  U.S. Department of Health and Human Services:
  93.558 – Temporary Assistance for Needy Families
  93.575 and 93.596 – Child Care Cluster

Cause

In response to audit inquiry, FAWI staff attributed the delay in issuing a final management decision to "three significant factors: the high number and complexity of the findings contained in the report…; a substantial turn over in Region management that adversely affected its historical and working knowledge of the issues; and, the distractions and chaos associated with two hurricanes that struck Palm Beach County during the resolution period."

Due to an apparent oversight, the reviewer of the audit report did not note the absence of the report on compliance.

Effect	Delays in the receipt of audit reports and the issuance of management decision letters increases the risk of unallowable expenditures or continued noncompliance with program requirements.
Recommendation	We recommend that FAWI follow established procedures to ensure the timely receipt of subrecipient audit reports and the timely issuance of management decisions.
State Agency Response and Corrective Action Plan	The Agency will continue to take all reasonable steps to ensure the receipt of subrecipient audit reports along with the resolution of audit findings and the issuance of final management decisions in a timely manner. The audit report review checklist will be modified to more clearly identify each required component of the audit report.
Agency Contact and Telephone Number	James F. Mathews (850) 245-7141
Estimated Corrective Action Date	April 1, 2005

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-010**
CFDA Number	17.207, 17.801, 17.804, and 17.225
Program Title	**Employment Services Cluster (ES)** **Unemployment Insurance (UI)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition Questioned Costs – $9,970.39

Finding

FAWI did not always equitably allocate salary and benefits costs to benefiting Federal programs based on personnel activity reports.

Criteria

OMB Circular A-87, Attachment B. 11.h., *Support of salaries and wages*

Condition

We reviewed 42 salary and benefits charges to the ES and UI Programs and noted that, for 3 charges totaling $9,970.39, the allocations of salaries and benefits were not supported by personnel activity reports. Specifically, we noted that time and effort records were omitted from the calculation of the allocation percentages resulting in the inequitable allocation of salary and benefits costs.

The salary and benefits charges were allocated to the following major programs:

U.S. Department of Agriculture:
10.561 – State Administrative Matching Grants for Food Stamp Program

U.S. Department of Labor:
17.207, 17.801, and 17.804 – ES
17.225 – UI
17.258, 17.259, and 17.260 – Workforce Investment Act Cluster

U.S. Department of Health and Human Services:
93.558 – Temporary Assistance for Needy Families
93.575 – Child Care and Development Block Grant

Cause

During the audit period, time and effort records were provided to FAWI by the Florida Department of Management Services and State Technology Office. FAWI failed to establish a procedure to ensure that all appropriate time and effort records were included prior to calculating the percentages used to allocate salary and benefits costs.

Effect

FAWI overallocated salary and benefits costs to Federal programs.

Recommendation

We recommend that FAWI strengthen procedures for the calculation of percentages used to allocate salary and benefits costs and ensure that all appropriate time and effort records are included.

State Agency Response and Corrective Action Plan

FAWI is now performing time and effort reporting under a different system than the one in use during the audit period (People First versus Time Direct). The People First system does not allow for omitted dates, since the parameters are automatically set for first to last dates in all months. However, FAWI has implemented additional procedures to ensure that salary and benefits costs are equitably allocated to benefiting Federal programs based on personnel activity reports. To confirm time reported for each payroll, electronic comparisons are made of time reported statistics selected by STO and time reported statistics that FAWI Accounting Policy & Systems staff retrieves independently of the STO statistics. Any differences noted are identified and reviewed to determine that they are the result of expected adjustments.

	The over/underallocations of salary and benefits costs to Federal programs cited in the finding were corrected during the month of February 2005. All payroll transactions for associates whose ratios were inaccurate were reversed and redistributed using the corrected ratios derived from statistics that included all dates. FLAIR Adjustment Request Forms are on file in Finance and Accounting. Correcting transactions were posted in FLAIR on 2/25/05 and 2/28/05.
Agency Contact and Telephone Number	Wayne Summerlin (850) 245-7348
Estimated Corrective Action Date	Completed February 28, 2005

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-011**
CFDA Number	17.207, 17.801, and 17.804
Program Title	**Employment Services Cluster (ES)**
Compliance Requirement	Reporting
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition

Finding

FAWI reported data in the Employment and Training Administration (ETA) 9002 and Veterans' Employment and Training Service (VETS) 200 reports that was not accurate or complete.

Criteria

ET Handbook No. 406; 29 CFR 97.40, Monitoring and reporting program performance

Condition

The ETA 9002 reports are a data collection and reporting process to support the USDOL's labor exchange performance measurement system. Services are reported on the ETA 9002 A for all job seekers and on the ETA 9002 B for veteran job seekers. The ETA 9002 E reports job openings by occupation. The VETS 200 reports are, in essence, a subset of the ETA 9002 data. The data reported contains the same elements as the ETA 9002 but only applies to the activities of Local Veterans' Employment Representatives (LVERs) and Disabled Veterans' Outreach Program (DVOP) staff. This enables VETS to evaluate the outcomes of the more intensive services offered under these two programs specifically to veterans.

During the audit period, the Online Data Entry and Display System (ODDS) was used to store data needed for the ETA 9002 and VETS 200 reports. Using the data from ODDS, FAWI utilized Mathematica Data Validation software to generate the reports submitted to USDOL. As part of our audit, we received an extract from ODDS, for the quarter ended June 30, 2004, and compared the data to the information FAWI reported on the applicable ETA 9002 reports. Our comparison disclosed the following:

- FAWI excluded field data from the ETA 9002 A report submitted to USDOL. For example, FAWI listed all zeroes in the "More Than One Race" field; however, the extracted ODDS data file contained counts for this field. In response to audit inquiry, FAWI indicated that, as the omission of multiracial counts has been identified, FAWI will, as these types of issues are resolved with Mathematica Data Validation software programming staff, resubmit all impacted reports.
- At the initial point of data entry, job seekers were allowed to enter invalid data and, as a result, invalid data was reported by FAWI to USDOL on the ETA 9002 A report. For example, applicants could enter a June 31st date when there are only 30 days in the month or a February 29th date of birth in a non-leap year. FAWI indicated that, effective December 6, 2004, ODDS was replaced by the One-Stop Management Information System (OSMIS) and that numerous edit checks have been installed to reduce incidents of false dates and other standard data entry issues.
- FAWI excluded 1,562 records from the ETA 9002 A report after the data was uploaded to the Mathematica Data Validation software. FAWI indicated that the 1,562 records were rejected during the data import process and, subsequently, excluded from the report as a result of edit checks employed by the Mathematica Data Validation software. With the implementation of OSMIS

and the increased standardization of data, FAWI expects to greatly reduce the instances of excluded records.

- Totals reported by FAWI were not always accurate. Specifically, on the ETA 9002 A report, the total in Row 8 (Adult ages 19 and over) did not equal the sum of the values in Row 9 (ages 19 through 44) plus Row 10 (ages 45 through 54) plus Row 11 (ages 55 and over), as required by ET Handbook No. 406, Appendix C. FAWI indicated that certain subcategories of data do not always add up to the parent category of data because of "de-duplication" processes, data deletions, and other reporting anomalies. FAWI has previously identified and noted these issues to USDOL and Mathematica Data Validation software staff. It is FAWI's understanding that, as issues and reporting inconsistencies are noted, Mathematica will continually make software enhancements and revisions.

As the VETS 200 Reports are a subset of the ETA 9002 data, these deficiencies also impact the accuracy and completeness of the VETS 200 reports.

Cause

FAWI did not have adequate data input and verification controls (e.g., automated edit checks) in place.

Effect

The failure to provide accurate, complete, and verifiable data to USDOL may limit the ability of USDOL to properly administer the program or to provide accurate labor exchange participation data to other parties.

Recommendation

To ensure the accuracy and completeness of the reports submitted to USDOL, we recommend that FAWI enhance controls over the input and verification of the data used to prepare the ETA 9002 and VETS 200 reports.

State Agency Response and Corrective Action Plan

Response to Finding Bullet One:

FAWI and other states' reporting agencies are provided with Mathematica software from USDOL to report performance measurements included in the ETA 9002 and VETS 200 reports. USDOL has made several revisions to the Mathematica reporting software to address various design flaws. For example: the Auditor General's Findings reference that "FAWI listed all zeros in the "More Than One Race" field; however, the extracted ODDS data file contained counts for this field." Both USDOL and Mathematica representatives have informed FAWI that in using the Mathematica Version 1.7 ES software, "In order to be included in the "More Than One Race" column on the ETA 9002 A and C reports, the job seeker must have a positive value in the "More Than One Race" field as well as a positive value in at least one of the racial categories. Alternatively, the job seeker is included in this column by having a positive value in more than one racial category field." Consequently, the software package provided by USDOL would not accurately reflect an entry that was downloaded from the State's ODDS in the "More Than One Race" field for the ETA 9002 and VETS 200 reports if the job seeker did not also include an entry for a race category(ies). This Mathematica software flaw has now been corrected in the newer Mathematica Versions 1.9 and 2.0.1 ES software.

Response to Finding Bullets Two and Three:

As referenced in preliminary audit findings, effective December 6, 2004, ODDS was replaced by the One-Stop Management Information System (OSMIS) and numerous edit checks have been installed to reduce incidents of false dates and other standard data entry issues. Since that time, FAWI has reviewed the new date fields in OSMIS to verify accuracy. There were no significant findings in this area and it appears that the ODDS conversion to OSMIS has successfully resolved the "dating" deficiencies referenced in the preliminary audit findings.

Response to Finding Bullet Four:

The Auditor General Findings reference that "totals reported by FAWI were not always accurate. Specifically, on the ETA 9002A report, the total in Row 8 (Adult ages 19 and over) did not equal the sum of the values in Row 9 (ages19 through 44) plus Row 10 (ages 45 through 54) plus Row 11 (ages 55 and over) as required by ET Handbook No. 406, Appendix C. FAWI has been further informed by USDOL and Mathematica representatives (on February 23, 2005) that "Appendix C of the ET 406 handbook is outdated. At ETA's request, the ETA validation software (maintained by Mathematica) has the following specification for Row 8 of the 9002A report: job seekers with no birth date or with birth dates that are less than 9 years before the registration date are included in Row 8 together with job seekers whose birth dates are 19 or more years before the registration date. As a result, the current edit test is that Row 8 must be equal to or greater than the sum of Rows 9, 10 and11." With this clarification, in regards to age groupings, the only verifiable edit is that Row 8 is greater than the sum of Rows 9, 10 and 11. Consequently, the data referenced in FAWI's November 14, 2004 report is accurate since Row 8 is greater than the sum of Rows 9, 10 and 11.

Response to Finding Bullets One, Two, Three and Four:

With the roll-out of Wagner Peyser in the One-Stop Management Information System (OSMIS), FAWI's information management and reporting system, numerous edit checks have been implemented in order to increase data integrity and ensure reporting validity; these edit checks will help to reduce the number of records that are excluded due to data that falls outside of allowable ranges. As a result of Wagner Peyser data now being input and stored in OSMIS, FAWI has been able to streamline its data extract and reporting procedures, subsequently increasing data intergrity by reducing the number of hands that work with the data prior to the state submitting the reports to USDOL. With this enhanced process, a more intense review period is now permissable. The extended review period will allow FAWI staff sufficient time to adequately review all reports in an effort to identify data anamolies and reporting inconsistencies, and, if necessary, take corrective measures, prior to submitting the ETA 9002 and VETS 200 Reports to USDOL. FAWI believes that through OSMIS and the utilization of these new processes, the validity and integrity of its data and reports will be significantly increased.

Agency Contact and Telephone Number

Duane L. Whitfield
(850) 245-7409

Estimated Corrective Action Date

Corrective Actions have been completed.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-012**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Eligibility
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation for Ex-Service Members (UCX), Unemployment Compensation for Federal Civilian Employees (UCFE), and Temporary Extended Unemployment Compensation for Displaced Airline Related Workers (TEUC-A)
Finding Type	Reportable Condition Questioned Costs – $16,494 ($7,150 UCFE; $1,357 TEUC-A; $7,504 Unemployment Compensation [UC]; and $483 UCX)

Finding

FAWI did not always follow established procedures by obtaining and retaining required documentation for claimants' initial eligibility and wage credit determinations. Additionally, benefits were overpaid because FAWI did not properly calculate wage credits and did not investigate employment history.

Criteria

26 USC 3304; 42 USC 1320b-7; UIPL No. 30-02 (Changes 2 and 3); UIPL No. 18-03; UIPL No. 12-03; 20 CFR 609.3; 20 CFR 614.12; Section 443.091(1), and 443.111(2), Florida Statutes; FAWI UC Claims Manual

Condition

Our review of 42 case files disclosed the following 5 exceptions:

- For one claimant, FAWI failed to retain adequate documentation supporting initial eligibility and the Federal wage credits calculation. Benefit payments made to this claimant totaled $7,150. Subsequent to audit inquiry, FAWI requested and received from the Federal Claims Control Center (FCCC) support for three of the four quarters of the base period wages.
- For one claimant, FAWI was not able to demonstrate that, prior to issuing benefit payments, the required documentation of the claimant's "eligible individual" status under the TEUC-A program was obtained. Benefit payments made to this claimant totaled $1,357.
- FAWI did not obtain one claimant's alien registration number and verify with the U.S. Immigration and Naturalization Service (INS) that the claimant was a lawful permanent resident and authorized to work in the U.S. Therefore, FAWI failed to properly make an initial eligibility determination but still made benefit payments totaling $7,150. Subsequent to audit inquiry, FAWI verified with the INS the claimant's immigration status.
- FAWI failed to investigate, when notified by a new hire report, one claimant's recent employment resulting in an overpayment of $354. Subsequent to audit inquiry, FAWI stated that new procedures are being implemented that will require all potential new hire issues be resolved.
- For one claimant, FAWI incorrectly calculated the military wage credits resulting in an overpayment of $483.

Cause

FAWI did not always follow established procedures relating to initial eligibility determinations and did not retain documentation to support the claimants' wage credits.

Effect

FAWI issued benefits without demonstrating that the claimants were initially eligible or that the claimant had sufficient qualifying Federal wages in the base period. Also, the improper use of wage credits and the failure to investigate the claimant's recent employment history resulted in benefit overpayments.

Recommendation	We recommend that FAWI reinforce established procedures to ensure that required documentation for initial eligibility and wage credit determinations be obtained and retained prior to benefits being paid. We also recommend that FAWI follow established procedures in the calculation of claimants' wage credits and disposition of new hire issues.
State Agency Response and Corrective Action Plan	FAWI will reinforce established procedures to ensure required documentation is obtained and retained prior to benefits being paid. The most recent manual provided by the USDOL for filing UCFE and UCX claims has been added to the UC Resources available to all employees on the agency's Intranet. In addition, UCFE and UCX Claimstaking Guides developed by FAWI employees have been added to the Intranet. The Agency is also reviewing procedures to determine the feasibility of designating specific staff members to process UCFE and UCX claims. Procedures for handling new hire reports have also been placed on the Agency's Intranet to ensure proper resolution of all new hire reports.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 or David Hagen, (850) 921-3957
Estimated Corrective Action Date	Manuals relating to proper procedures for filing UCX and UCFE claims are presently available to all UC claimstakers. A new hire procedural instruction was distributed in November 2004. By June 30, 2005, the Agency will have determined the feasibility of designated staff handling all initial claims filed by former federal civilian employees and ex-service members.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-013**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Eligibility
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation (UC); and Temporary Extended Unemployment Compensation (TEUC) 2003 and 2004
Finding Type	Reportable Condition Questioned Costs – $226,651 ($184,308 UC; $42,343 TEUC)
Finding	Although FAWI implemented procedures during our audit period that were intended to timely detect payments to deceased or incarcerated individuals, we continued to note instances of potential overpayments. Similar findings were noted in previous audits, most recently in audit report No. 2005-118. We notified FAWI of the potential overpayments and FAWI indicated that payments were made to deceased ($8,149) and incarcerated ($218,502) persons. While FAWI indicated that most overpayments had been previously identified through FAWI internal control measures, internal controls should reasonably prevent, as well as detect, the existence of benefit overpayments.
State Agency Response and Corrective Action Plan	The FAWI has made every effort to implement claims controls through use of the data supplied by the Florida Department of Law Enforcement and the Department of Health. While the Auditor General did not specify what additional controls the Agency should implement, the Agency finds that the quality of the data available from the other Departments can not eliminate all payment errors because of inaccuracies inherent in the data and the timeliness of the data's availability. However, the Agency is committed to improve program integrity and is progressing with other initiatives to improve the accuracy of benefit payments. It should be noted that the benefits found by the Auditor General to have been paid in error, beyond the amount previously detected and determined by the Agency, totaled $117,833. During the Audit period, the Agency paid regular benefits totaling $1,089,421,865 and Temporary Extended Unemployment Compensation benefits totaling $217,184,826. The benefits detected by the audit represent nine one-thousandths of a percent (0.009%) of the total benefits paid by the Agency during the audit period.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 or David Hagen, (850) 921-3957
Estimated Corrective Action Date	The implementation of the Stop Inmate Fraud crossmatch on March 19, 2004 and the deceased claimant crossmatch on June 30, 2004 is expected to significantly reduce the instances of payments to deceased and incarcerated claimants.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-014**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Reporting
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation (UC), Unemployment Compensation for Federal Civilian Employees (UCFE), and Unemployment Compensation for Ex-Service Members (UCX)
Finding Type	Reportable Condition
Finding	FAWI misstated certain amounts on the quarterly ETA 227 Overpayment Detection and Recovery Activities reports.
Criteria	UI Reports Handbook No. 401, Parts F.3. and F.5.
Condition	For the four quarters of the audit period (quarters ended September 30, 2003; December 31, 2003; March 31, 2004; and June 30, 2004), FAWI reported estimated (rather than actual) amounts for the following sections and lines on the ETA 227 reports: • Section C, Line 312, *Receivables Removed End Period*; Line 301, *Outstanding Beginning Period*; and Line 313, *Outstanding End Period*. • Section E, Lines 501-507, *Aging of Benefit Overpayment Accounts*. Similar misstatements were noted in prior audits, most recently report No. 2004-168, finding No. FA 03-24.
Cause	FAWI and the State Technology Office (STO) have not completed the required UI system programming modifications to ensure compliance with the revised reporting instructions in the USDOL ETA directive related to the UI Reports Handbook No. 401. As the UI system did not accommodate the reporting of required amounts, FAWI used estimates and failed to report actual amounts.
Effect	By including misstated amounts on the ETA 227 reports, the usefulness of the ETA 227 reports to USDOL ETA for monitoring the integrity of the benefit payment processes in the UI system is limited.
Recommendation	We again recommend that FAWI coordinate with STO to promptly complete the UI system reprogramming to comply with the revised reporting instructions outlined in the USDOL ETA directive related to the UI Reports Handbook No. 401 and submit revised ETA 227 reports for the affected quarters.
State Agency Response and Corrective Action Plan	The State Technology Office has estimated that an additional 3,154 hours of work remains to complete the work required on the ETA-227 report. FAWI is considering the feasibility of independently contracting for programming services to more expeditiously complete the work to correct the report.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 or David Hagen, (850) 921-3957
Estimated Corrective Action Date	July 31, 2006.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-015**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Reporting
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation
Finding Type	Reportable Condition
Finding	FAWI did not properly report all deposits made into the State unemployment fund on the ETA 2112 UI Financial Transaction Summary reports.
Criteria	UI Report Handbook No. 401, Section II-1
Condition	Our review of the ETA 2112 reports disclosed that deposits for the 2003-04 State fiscal year, totaling $14 million, received from reimbursable employers in the form of electronic funds transfer (EFT) were not reported on the appropriate lines of the ETA 2112 reports. As a result, the following report lines were misstated: • Line 11, *Deposits - Net UI Contributions*, overstated by $14,592,751.89. • Line 19, *Deposits - Reimbursable Benefit Payments (Local Government and Other Political Subdivisions)*, understated by $9,538,690.88. • Line 20, *Deposits - Reimbursable Benefit Payments (State Government Including State Hospitals and State Institutions of Higher Learning)*, understated by $157,639.73. • Line 21, *Deposits - Reimbursable Benefit Payments (Nonprofit Organizations),* understated by $4,896,421.28.
Cause	FAWI stated that, during the 2003-04 State fiscal year, a policy to require payments by EFT was implemented. The effect on reimbursable employer collections was not accounted for separately.
Effect	The failure to provide accurate information to USDOL ETA limits the usefulness of the ETA 2112 reports. USDOL ETA uses the ETA 2112 report information to study trends in financial aspects of the UI Program and as a basis for solvency studies.
Recommendation	We recommend that FAWI revise procedures to ensure that monthly ETA 2112 reports include all deposits on the appropriate lines as required by the reporting instructions. We also recommend that FAWI submit revised ETA 2112 reports to appropriately reflect the EFT deposits from reimbursable employers.
State Agency Response and Corrective Action Plan	FAWI has submitted a request to the State Technology Office to modify the report to reflect the change in payment methods. It should be noted that total deposits as shown on the ETA-2112 report are correct. The ETA-2112 reports will be amended to reflect the correct amounts for the appropriate line numbers when data is available.
Agency Contact and Telephone Number	Wayne Summerlin (850) 245-7348
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-016**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Special Tests and Provisions – Employer Experience Rating
State Agency	**Florida Agency for Workforce Innovation (FAWI) and Florida Department of Revenue (FDOR)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation (UC)
Finding Type	Opinion Qualification, Material Weakness, and Reportable Condition
Finding	Although FDOR's practice was to retain individual employer wage reports (original source documents), the detailed electronic records built from the data entered into the UC Tax Registration Accounting Information Network (TRAIN) subsystem for use in the experience-based UI tax rate calculation for the 2002, 2003, and 2004 calendar years were not retained. Therefore, FDOR could not demonstrate that the UI tax rates were properly calculated in accordance with Florida Statutes. Similar findings were noted in previous audits, most recently in audit report No. 2005-118. As these records were not retained, our audit scope and procedures were restricted. Accordingly, we are qualifying our opinion for this compliance requirement.
State Agency Response and Corrective Action Plan	Following meetings held between the FAWI and the STO, agreement was reached on September 27, 2004 with respect to the data that is required by the Auditor General to support the accuracy of the experience-based tax rates. This plan was implemented for the calculation of the 2005 tax rates and the STO has ensured the Agency that all tables in the mainframe computer system which contain data relating to the tax rate calculation were timely copied and are being stored in a secure location off-site to prevent the inadvertent damage or alteration to the data files.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 or David Hagen, (850) 921-3957
Estimated Corrective Action Date	Corrected with the annual rate run for 2005 rates, which occurred on October 31, 2004.

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-017**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Special Tests and Provisions – Employer Experience Rating
State Agency	**Florida Agency for Workforce Innovation (FAWI) and Florida Department of Revenue (FDOR)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation (UC)
Finding Type	Reportable Condition

Finding

As noted in audit report No. 2005-118, our analysis of aggregate amounts from employer accounts used in the 2004 calendar year tax rate calculation disclosed inconsistencies with Florida Statute criteria for determining an employers' experience–based UI tax rate. Specifically,

- Florida law provides that employers entitled to a tax rate reduction must have at least one annual payroll unless the employer is eligible for additional credit under the Federal Unemployment Tax Act. The calculation of tax rate factors included FDOR assessed values for employers that had no reported taxable payroll. Although the effect of including these amounts, taken alone, on the employers' experience-based tax rate was negligible for the 2004 calendar year tax rates, the effect on the tax rate calculations in future years is unknown.
- The calculation of the total excess payments included amounts from the accounts of new employers and employers whose accounts were not eligible to be charged for benefits. Excess payments are specifically used in one of the three major factors of the employers' experience–based UI tax rate calculation.

State Agency Response and Corrective Action Plan

Florida Agency for Workforce Innovation:

FDOR and FAWI have jointly submitted a Change Management Request to the State Technology Office to ensure that appropriate amounts are included in the tax rate calculation.

With the concurrence of FDOR, the FAWI has submitted to the Legislature its proposal to amend the language of s. 443.131(3), F.S., so that the text agrees with what existed prior to the enactment of chapter 2003-36, L.O.F. The amendatory language has been adopted in SB 1652 and HB 1693.

Florida Department of Revenue:

(a) A data programming request has been submitted to the State Technology Office to further refine the rate calculation to only include the appropriate amounts in the calculation of the experience-based UI tax rate; and

(b) A Legislative concept has been submitted by the Department of Revenue and Agency for Workforce Innovation (Proposed Committee Bill) to have the wording "that were" placed back in the Statutes. These two words were deleted as a grammatical error when the 443 rewrite was done last year. It was not the editor's intention that the deletion of these two words would change the interpretation of the Statute.

Agency Contact and Telephone Number

Florida Agency for Workforce Innovation:

Tom Clendenning, (850) 245-7499 or
David Hagen, (850) 921-3957

Florida Department of Revenue:

Nancy Jarvis
(850) 488-5019

Estimated Corrective Action Date

Florida Agency for Workforce Innovation:

The Change Management Request on file with STO is scheduled to be completed prior to the 2006 tax rate calculation being processed. The proposed statutory changes should be enacted prior to the end of the 2005 Legislative Session.

Florida Department of Revenue:

(a) October 2005

(b) July 2005

U.S. DEPARTMENT OF LABOR

Finding Number	**FA 04-018**
CFDA Number	17.225
Program Title	**Unemployment Insurance (UI)**
Compliance Requirement	Special Tests and Provisions – Employer Experience Rating
State Agency	**Florida Agency for Workforce Innovation (FAWI)**
Federal Grant/Contract Number and Grant Year	Unemployment Compensation (UC) and Training Investment Program (TIP)
Finding Type	Reportable Condition

Finding

FAWI use of noncharge benefit payments in the 2004 calendar year contributory employers' experience-based tax rate calculation was not always consistent with statutory provisions.

Criteria

Sections 443.131(3) and 443.151(5), Florida Statutes

Condition

As similarly noted in previous audits, most recently in audit report No. 2004-168, finding No. FA 03-27, deficiencies in FAWI-implementation of statutory provisions resulted in improper employer tax rates. Specifically, noncharge benefits (benefit payments for the three preceding fiscal years that were not charged to the accounts of employers) totaling approximately $407 million and used in the calculation of contributory employers' experience-based tax rates for the 2004 calendar year, improperly included amounts that did not represent noncharge benefits and excluded amounts that did represent noncharge benefits as discussed below:

- The noncharge benefit total included benefit overpayments totaling $57,553,911 that FAWI properly reduced for cash refunds made by claimants totaling $13,102,429. However, our review indicated that FAWI did not reduce the benefit overpayments for the amounts recovered from claimants through offsets of subsequent UI benefits. The total amount recovered through offsets for the applicable period was $9,523,191, the majority of which is attributable to contributory employers and should have been subtracted from the non charge benefit total. (The exact amount that related to contributory employers was not available.)

- The noncharge benefit total should include all determinations that affect benefit overpayments for the applicable period (i.e., the three preceding fiscal years). FAWI was not able to demonstrate that the noncharge benefit total included all benefit overpayment determinations from new overpayment determinations and from previously established overpayments that were redetermined and subsequently increased, decreased, or canceled. The total amount of net overpayment redeterminations for the applicable period was $12,251,945.

Cause

FAWI internal control policies and procedures were not sufficient to ensure that noncharge amounts are appropriately adjusted in compliance with statutory provisions.

Effect

Deficiencies in the FAWI process for determining overpayments used in the contributory employers' experience-based tax rate calculation resulted in individual employer tax rates that were overstated in some instances and understated in other instances.

Recommendation

To ensure that contributory employers' experience-based tax rates are properly calculated, we again recommend that FAWI take appropriate action to ensure that the computation of the noncharge benefit total includes overpayments that are appropriately adjusted by offsetting recoveries attributable to contributory employers, as well as all benefit overpayment determinations from new determinations and from previously established overpayments subsequently

	increased, decreased, or canceled.
State Agency Response and Corrective Action Plan	The State Technology Office has advised FAWI that the Change Management Request on file with the STO for several years to address this condition will be completed by December 31, 2005. FAWI will closely monitor the progress of STO in completing the necessary programming.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 or David Hagen, (850) 921-3957
Estimated Corrective Action Date	December 31, 2005

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	**FA 04-019**
CFDA Number	20.205
Program Title	**Highway Planning and Construction**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Transportation (FDOT)**
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Material Noncompliance

Finding

FDOT district program managers did not always follow established procedures for obtaining and reviewing subrecipient audit reports.

Criteria

OMB Circular A-133, §__.200, §__.320(a), §__.400, and §__.505 and FDOT Procedure Topic No. 450-021-001-f, Single Audit Procedure, Attachment I – Guidelines for Reviewing Single Audit Financial Reporting Packages and Attachment II - Checklist for Reviewing Single Audit Reports (review checklist).

Condition

FDOT procedures require that each applicable district program manager: 1) ensure that the subrecipient has submitted the required audit report; 2) review the audit report and complete the review checklist; and 3) follow-up on audit findings and questioned costs with the subrecipient, if necessary. We requested from FDOT documentation of the receipt and review of subrecipient audit reports for 20 Federal projects for which audit reports were due by June 30, 2003, or 2004, and determined the following:

- District program managers obtained the subrecipient audit reports for three projects subsequent to audit inquiries (approximately 3, 6, and 15 months after the due date).
- For one project, a newly assigned district program manager provided documentation that the subrecipient audit report had been received; however, documentation for the review of the report (completed review checklist) was not available. Subsequent to audit inquiry, a review checklist was partially completed and provided.
- For one project, documentation was not available to evidence a FDOT management decision to resolve an audit finding noted in a subrecipient's audit report. Also, the review checklist completed by the district program manager did not evidence the existence of an audit finding. Subsequent to audit inquiry, documentation was provided to evidence that the audit finding had been resolved and the review checklist was corrected.

A similar finding was noted in audit report No. 03-167, finding No. 02-035.

Cause

The following reasons contributed to the above-mentioned conditions:

- Failure of district program managers to implement oversight procedures and lack of awareness of subrecipient audit report review requirements.
- Relocation of audit files.
- Failure of all applicable offices within a district to receive the audit report submitted to FDOT by the subrecipient.
- A new program manager's inability to locate audit review documentation.

Effect

Absent the timely receipt and review of subrecipient audit reports, including proper follow-up on subrecipient audit findings, FDOT has limited assurance that all Federal funds awarded to subrecipients are being expended and reported in

accordance with Federal program requirements.

Recommendation

In response to finding No. 02-035, FDOT personnel indicated as of September 2004 that an automated oversight checklist for single audit reports had been partially implemented. The automated oversight checklist system will extract subrecipient expenditures from the accounting records, which will enable the Office of Inspector General to ensure that single audit reports have been received for all applicable subrecipients and monitor completion of the checklist by district program managers. The automated oversight checklist system had been used for 4 of 17 Federal projects tested, for which audit reports were due by June 30, 2004. We recommend the Department continue its efforts in implementing the automated oversight checklist, and monitoring and training district personnel in the single audit requirements.

State Agency Response and Corrective Action Plan

The Department concurs with the above finding. To rectify the situation, the Department is currently updating its Single Audit Procedures to better inform program/project managers of their Single Audit Act responsibilities. The Department plans to continue its current efforts to train program/project managers and keep them informed of any Single Audit Act changes. These efforts include annual reviews, training sessions, newsletters, website, and personal assistance.

In addition, after almost a year of the implementation of the Department's Florida Single Audit Act Automated Checklist system, the Department is now able to review information input into the system. Monitoring of this information will help ensure timely submission of the Financial Reporting Packages; accurate reporting, review, and reconciliation of federal financial assistance; review of audit findings and internal control issues; and actions taken to correct findings and internal control issues.

Agency Contact and Telephone Number

Cecil Bragg, Inspector General, Florida Department of Transportation
(850) 410-5800

Estimated Corrective Action Date

August 1, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-020**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Allowable Costs/Costs Principles
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition Questioned Costs – $28,807.95

Finding

FDOE did not give consideration to the provisions of OMB Circular A-87 with regard to the indirect cost allowance for interagency services. Consequently, the amounts FDOE paid State universities and community colleges for indirect costs may not have been reasonable.

Criteria

OMB Circular A-87, Attachment A, Sections **C.1.a.** – costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; and **G. *Interagency Services*** – a standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service.

Condition

We examined project applications and final project disbursement reports for 24 grants FDOE awarded to State universities and community colleges for interagency services. Such services included, for example, providing professional development and technical assistance, serving as fiscal agent, and launching and managing a progress monitoring system whereby State level personnel can use the data to include in reports submitted to USED. In all instances, indirect costs charged and included on the individual annual project disbursement reports were based on 5 percent of total disbursements incurred. The five-percent provision for indirect costs is based on Section 216.346, Florida Statutes, which restricts the amount of overhead or indirect costs that may be charged by a State agency, university, or college to another State agency to five percent of the total amount of the contract.

FDOE did not document whether the cost principles contained in either OMB Circular A-21 or A-87 were used as a basis for determining indirect cost allowances. Absent such considerations, we used the provisions of OMB Circular A-87 as a guide for assessing the reasonableness of indirect costs paid by FDOE for the interagency services. We noted the following discrepancies:

- For 14 instances, an amount could not be determined based on A-87 because salaries and fringe benefits were combined on one expenditure line item on the project disbursement report. Based on Department records, approximately $239,131 was charged to these projects for indirect costs. (CFDA Nos. 84.002 - Adult Education, 84.048 - Vocational Education - Basic Grants to States, 84.357 - Reading First, and 84.367 - Improving Teacher Quality)
- For 6 instances where salaries and fringe benefits were reported as separate expenditure items on the project disbursement report, the indirect cost amount actually charged exceeded 10 percent of the direct salaries by $28,807.95. [CFDA Nos. 84.002 - Adult Education (Federal grant Nos. V002A020009, $4,762.72 and V002A030009, $4,267.60) and 84.357 - Reading First (Federal Grant No. S357A030010, $19,777.63)]
- For 4 instances where community colleges act as fiscal agents, the community colleges did not charge any direct salaries to these projects; however, indirect

costs were charged at 5 percent of total costs of these projects. In these instances, it is not apparent what would be considered reasonable amounts for indirect costs. Based on Department records, approximately $13,701, was charged to these projects for indirect costs. (CFDA Nos. 84.002 - Adult Education, 84.048 - Vocational Education - Basic Grants to States, and 84.357 - Reading First)

Cause

FDOE's written procedures state that State universities and community colleges must comply with State statutes in regards to allowable amounts charged for indirect costs. Section 216.346, Florida Statutes, restricts the amount of overhead or indirect costs that may be charged by a State agency, university, or college to another State agency to five percent of the total amount of the contract.

Effect

Indirect costs may exceed reasonable amounts.

Recommendation

We recommend that FDOE follow the provisions of OMB Circular A-87 with regard to indirect costs for interagency services. We also recommend that FDOE seek guidance from USED on the determination of the basis on which the indirect costs are calculated in instances where community colleges serve as fiscal agents and direct salaries are not charged to the projects. Additionally, we recommend that FDOE ensure that universities and colleges follow Department procedures to provide the accounting code data elements required for reporting expenditures on project disbursement reports.

State Agency Response and Corrective Action Plan

The FDOE will seek guidance from USED as to the appropriate methodology for determining the pro-rated share of indirect costs for community colleges and state universities. We will describe our current methodology, as guided by Section 216.346, Florida Statutes, and seek confirmation that this methodology is appropriate under the provisions of OMB Circular A-87. The agency will seek additional guidance from USED relative to the situation in which institutions serve as fiscal agents and direct salaries are not charged to subgrants or projects. FDOE will ensure that proper accounting codes are used for reporting expenditures on project disbursement records.

Agency Contact and Telephone Number

Chris Kinsley
(850) 245-9218

Estimated Corrective Action Date

Guidance will be sought no later than April 30, 2005.

Procedures for ensuring that proper accounting codes are used for reporting expenditures have been implemented.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-021**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDOE is continuing its efforts to improve programmatic and fiscal monitoring procedures for all USED programs it administers.
Criteria	34 CFR 80.40(a) - Monitoring and reporting program performance and OMB Circular A-133, Subpart D – Pass-through entities
Condition	In fiscal year 2003-04, FDOE began to implement new procedures developed for monitoring its Local Educational Agencies (LEAs). To test its risk-based monitoring, three LEAs volunteered to participate in the on-site monitoring process that spanned all compliance areas for Title I, Parts A (84.010) and D (84.013). For the remaining LEAs within the State, FDOE did not require Title I self-evaluation working papers to be submitted because so many of the Program requirements had changed with the implementation of the No Child Left Behind Act of 2001. Monitoring procedures for other Federal programs audited as major programs for the fiscal year 2003-04 continued to primarily include self-assessment activities by the subrecipients which may also require subrecipients to submit performance data. Such major programs audited include: 84.002 – Adult Education 84.048 – Vocational Education - Basic Grants to States 84.367 – Improving Teacher Quality
Cause	Ongoing initiatives are placing increased control and accountability at the local level.
Effect	FDOE and USED have limited assurance that the subrecipients have administered Federal programs in compliance with Federal requirements.
Recommendation	We recommend that FDOE continue its efforts to implement a risk-based monitoring system and to incorporate these procedures for all USED programs that it administers. FDOE personnel indicated that, until the monitoring system is completely designed and implemented, it will monitor school districts that may have some problems as well as a few that are exemplary. Completion of the design of the monitoring system and implementation is expected for the school year 2005-06.
State Agency Response and Corrective Action Plan	The FDOE is committed to improving its monitoring of subgrant supported activities to assure compliance with applicable Federal requirements and to ensure that performance goals are being met. To that end, we have improved existing procedures over the past year as noted above. Further, we have devoted significant resources to identify appropriate risk factors for the risk-based approach to subrecipient monitoring. Effective risk based monitoring procedures will provide the most efficient use of available resources.
Agency Contact and Telephone Number	Martha K. Asbury (850) 245-0456
Estimated Corrective Action Date	Enhanced systems for monitoring using a risk-based, targeted approach have been initiated and will be fully implemented by the end of the 2005-06 school year.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-022**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	The FDOE did not issue management decisions to subrecipients within six months after receipt of the 2002-03 fiscal year audit reports and has not appropriately resolved subrecipient audit findings that may necessitate adjustment to FDOE's accounting records.
Criteria	OMB Circular A-133, Subpart D, Sections .___400(d) and .405
Condition	We examined FDOE records documenting the receipt and review of nine 2002-03 fiscal year audit reports containing 16 findings. FDOE issued management decisions for 9 of 16 findings from 104 to 166 days after the end of the six-month period. For 6 findings, FDOE performed follow-up procedures after receipt of the audit reports but had not issued a management decision as of January 20, 2005. Findings included in the nine audit reports pertained to the following USED programs: 84.002 – Adult Education 84.010 – Title I 84.027 – Special Education 84.048 – Vocational Education 84.367 – Improving Teacher Quality A similar finding was also noted in audit report No. 2004-168, finding No. FA 03-32 and audit report No. 03-167, finding No. 02-042.
Cause	FDOE personnel corresponded with the subrecipients to verify that the necessary corrective action has been taken; however, FDOE indicated that staff resources were not available to bring the findings to closure with the issuance of a management decision letter within six months after the receipt of the subrecipients' audit reports.
Effect	FDOE is required to review audit findings and issue a corrective action to ensure subrecipients are using Federal funds for authorized purposes and that performance goals are being achieved. If FDOE does not monitor the subrecipients properly, disallowed costs may not be repaid and necessary adjustments to FDOE records may not be made.
Recommendation	FDOE has established a separate unit for monitoring subrecipients and audit resolution. We recommend FDOE ensure that management decisions are issued timely.
State Agency Response and Corrective Action Plan	Enhanced procedures have been established to ensure that, whenever possible, management decisions are issued within six months after the receipt of the applicable audit reports.
Agency Contact and Telephone Number	Martha K. Asbury (850) 245-0456
Estimated Corrective Action Date	Actions have already been taken.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-023**
CFDA Number	84.002
Program Title	**Adult Education – State Grant Program**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**State Universities and Community Colleges - Daytona Beach Community College (DBCC)**
Federal Grant/Contract Number and Grant Year	642-1914A-4CG01 and 642-1934A-4CE01, July 1, 2003 – June 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $195,534
Finding	The institution did not maintain at least annual after-the-fact confirmations of time-and-effort for employees tested who charged salary costs to the Adult Education Grants.
Criteria	OMB Circular A-21, Section J. 10.
Condition	The institution did not have procedures requiring after-the-fact confirmation of time-and-effort for the seven employees tested whose total or partial salaries were charged to the Adult Education Grants. Total salary costs for these seven employees charged to the grant during the 2003-04 fiscal year were $195,534.
Cause	Although the institution certifies employees' time charged to the program in their payroll system, the institution does not have adequate procedures addressing an after-the-fact payroll distribution system which includes time-and-effort confirmation for employees that work on Federal grants. The institution's payroll system alone does not meet the requirements of documenting time allocation required by OMB Circular A-21, Section J.10. Accordingly, institutions of higher education should develop an after-the-fact certification that confirms and documents time-and-effort to support payroll charges for employees to Federal grants.
Effect	Absent appropriate records documenting after-the-fact payroll distribution for employee's time-and-effort dedicated to Federal grants, the institution is unable to ensure that only allowable costs are charged to the grants.
Recommendation	We recommend that the institution develop and implement procedures that confirm and document after-the-fact time-and-effort for all salaries charged to Federal grants to ensure compliance with OMB Circular A-21, Section J.10.
DBCC Response and Corrective Action Plan	In order to substantiate that the grant-funded duties were being performed, supervisors have been required to provide an after-the-fact confirmation statement documenting the time and percentage of effort that grant-funded employees performed during the questioned period. A sample of the time and effort sheet is attached to this audit response. ***(Document not included with this report.)***
	Additionally, in keeping with OMB Circular A-21 J.10, procedures have been developed and approved by appropriate officials that require personnel funded through a grant, or paid through college funds but used as a grant cost share, to complete monthly time and effort reports that fully document allowable grant charges. In order to verify compliance and provide for more centralized recordkeeping, completed reports will be forwarded to the Grants Accounting Office on a monthly basis. The amended procedure is attached to this audit response. ***(Document not included with this report.)***

	Throughout the month of February, meetings with project directors and supervisory staff are taking place to ensure full implementation of this procedure. Time and effort statements will be on file in the Grants Accounting Office for the period July 1, 2003 through February 28, 2005. All grant-funded staff will be using the new time and effort sheets beginning March 1, 2005.
DBCC Contact and Telephone Number	Laura F. Phillips, Associate Vice President - Controller
Estimated Corrective Action Date	Immediately

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-024**
CFDA Number	84.010
Program Title	**Title I Grants to Local Educational Agencies**
Compliance Requirement	Matching, Level of Effort, Earmarking
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	S010A030009A 2003
Finding Type	Reportable Condition Questioned Costs - $1,004,564
Finding	FDOE did not properly calculate and allocate grant funds to 27 local educational agencies (LEAs).
Criteria	34 CFR 200.100(a) - Reservation of funds for school improvement, State administration, and the State academic achievement awards program; 20 USC 6303(a)-(e)
Condition	Each SEA must reserve 2 percent of the amount the State receives under subpart 2 of Part A for school improvement activities unless funds are insufficient to reserve 2 percent and still maintain the LEAs' allocations at or above the prior year level. If funds are needed to maintain the prior-year level of LEA allocations, the SEA is not required to reserve the full 2 percent. Based upon our review of the FDOE's allocations for fiscal year 2003-04, 27 LEAs received less funds for basic allocations, by approximately $1,004,564, than in the preceding fiscal year.
Cause	FDOE did not compare the final Title I allocations for fiscal years 2003-04 and 2002-03 when reserving the full 2 percent for school improvement activities.
Effect	FDOE did not provide the proper funding to each LEA to perform the Program activities.
Recommendation	Subsequent to audit inquiry, FDOE adjusted the 2004-05 year Title I allocations to the 27 LEAs to remedy the under-allocations for the 2003-04 fiscal year. We recommend that FDOE strengthen its procedures to ensure that future allocations are made in accordance with Federal guidelines.
State Agency Response and Corrective Action Plan	The agency concurs that the 2003-04 allocations did not include the "hold harmless" amount required for 27 school districts. The agency has implemented a procedure that requires parallel calculations of allocations by the program office and grants management staff. Allocations will not be issued until the calculations agree. The error in the 2003-04 was corrected by adjustments to the 2004-05 calculations as noted above.
Agency Contact and Telephone Number	Harrison Rivers (850) 245-9216
Estimated Corrective Action Date	Corrective actions have already been taken.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-025**
CFDA Number	84.010
Program Title	**Title I Grants to Local Educational Agencies**
Compliance Requirement	Special Tests and Provisions – Comparability
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	S010A030009A 2003
Finding Type	Reportable Condition
Finding	FDOE's monitoring of the local educational agencies (LEAs) compliance with Title I comparability requirements was inadequate.
Criteria	OMB Circular A-133 Compliance Supplement - March 2004, Special Tests and Provisions – Comparability; 20 USC 6321 (c), Comparability of Services
Condition	Comparability is one of three fiscal requirements that LEAs must comply with to continue receiving Title I funds from one school year to the next. An LEA is considered to have met this requirement if the LEA has filed with the State Educational agency (SEA) a written assurance that the LEA has established and implemented procedures to have met the comparability requirement. The SEA should annually monitor compliance with the comparability requirement. On November 2, 2004, the FDOE requested the LEAs (district school boards) to submit the required comparability information for the 2003-04 school year by December 17, 2004. Of the 67 district school boards requested to submit a comparability report, only 40 had submitted comparability reports as of January 28, 2005. There was no evidence that FDOE staff reviewed the comparability reports received to assess LEA compliance with the comparability requirement.
Cause	Up through the school year 2002-03, FDOE requested district school boards to provide a comparability report annually to satisfy the comparability compliance requirement. For school year 2003-04, FDOE thought it could determine compliance with the comparability requirement based on data it had already received; however, FDOE staff found later it was "unable to do so based on data availability issues."
Effect	Noncompliance with comparability requirements may result in loss of funds for the LEA.
Recommendation	FDOE should annually monitor district school boards' compliance with comparability requirements.
State Agency Response and Corrective Action Plan	The monitoring of comparability documentation was not complete at the time of this audit; however, FDOE staff have taken steps to secure the additional reports, review them, and institute corrective actions for any districts where comparability was not appropriately established.
Agency Contact and Telephone Number	Lisa Saavedra (850) 245-0692
Estimated Corrective Action Date	Comparability monitoring will be complete by June 30, 2005, and will be conducted annually thereafter.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-026**
CFDA Number	84.032
Program Title	**Federal Family Education Loans Program (FFELP)**
Compliance Requirement	Reporting
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	None
Finding Type	Reportable Condition

Finding

The ED Form 2000 Annual Report submitted by FDOE's Office of Student Financial Assistance (OSFA) to the U.S. Department of Education (USED) for the 2003 fiscal year presented incorrect balances for various line items in that report.

Criteria

34 CFR 682.410(a)(4), Fiscal, Administrative, and Enforcement Requirements; and Guaranty Agency Financial Report Instruction Guide

Condition

The annual report provides USED with information on the guaranty agency's activities concerning loan guarantees, claims paid to lenders and the agency's financial activities. Data reported also provides USED a basis for financial reviews, evaluating the current and projected financial status of guaranty agencies, projecting the impact of changes in revenue, and managing guaranty agency federal funds held by the agency.

During our current review of the ED Form 2000 annual report for the fiscal year 2003, we noted the following discrepancies:

- OSFA's 2003 annual report was accepted by USED but further review by OSFA staff led them to conclude that several of the amounts submitted should be corrected. A revised 2003 annual report was submitted in August 2004. However, USED rejected the revised report and advised that more explicit ED Form 2000 instructions would be forthcoming. In its revised report, OSFA reported amended amounts on 18 lines from the sections for the Federal fund revenues and expenses, operating fund revenues and expenses, and Federal fund balance sheet. Changes ranged from $3,111 to $7,995,576 and reduced the ending balances of the Federal Fund by $3,069,372 and the Operating Fund by $143,261. The instructions for the annual report require that the guaranty agency's accounting records must support all amounts reported. Although OSFA indicated that lines AR 15 – AR 56 were reconciled to the accounting records, OSFA could not provide a copy of the reconciliation. OSFA staff verbally indicated that the reconciliation had been overwritten during preparation of the reconciliation for the amended report.

- OSFA's loan management system cannot record consolidated dollar amounts greater than $99,999.99. When OSFA consolidates a loan in excess of that amount, it breaks the consolidation loan into different segments. The first segment is updated through the lender reporting process, but the subordinate segments are not and these subordinate segments retain their original input loan status throughout their life, unless there is a manual change. Our analysis disclosed 320 consolidation loans with a total of 766 segments that had inconsistent loan statuses. If all of the segments for these loans had the same loan status as their first segment, the result would be to increase loans paid in full (AR-12) by $1,280,937.

- The Loans in Repayment section of the annual report consists of lines AR-1 through AR-14 and shows the guaranty agency's activities concerning loan guarantees and claims paid to lenders. The following discrepancies were noted in regard to this section:

- OSFA reported uninsured loans (AR-5) as $ 47,104,577, an increase of approximately 131% from the $20,421,259 reported on the ED Form 2000 for the 2002 fiscal year. Most of the increase resulted from a file fix that was processed in July 2003, marking 12,450 loans with an outstanding principal balance of $ 26,573,475 reported by two lenders with a revoked status due to loss of guarantee. The file fix was pursuant to a 1998 Servicer Review Report and a July 2000 NSLDS Data Integrity Alert received from USED and an August 2000 Technical Assistance Visit. The time frame to perform the file correction appears excessive.
- OSFA reported Federal Stafford and unsubsidized Stafford interim loans (AR-13) as $1,123,664,053. However, based on OSFA's National Student Loan Data System (NSLDS) submissions, NSLDS determined that the reported amount should be $1,537,725,625. OSFA indicated that they are working with NSLDS to resolve the discrepancies related to the 2003 report and that discrepancies with the 2001 and 2002 reports have already been corrected with NSLDS. The difference may be partially explained by the fact that OSFA has used programming logic that limits the loans considered for AR-13 to those with a status date that falls within the fiscal year of the annual report. This causes some guaranteed or disbursed loans with last status change before the beginning of the Federal fiscal year to be omitted from the calculation.

- Line AR-34 of the annual report is used to report collections revenues recognized from payments to guaranty agencies by defaulted borrowers. Amounts reported on AR-34 include receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFEL Program. OSFA incorrectly included revenues of $ 5,860,350 related to William D. Ford Direct Consolidations, a non-FFEL Program consolidation. William D. Ford amounts should be reported on AR-36. OSFA staff agreed and indicated that amounts would be correctly reported on the 2004 annual report. Had OSFA's revised report been accepted, William D. Ford amounts would have been reported correctly.

Reporting errors on the ED Form 2000 have been noted in prior audits, most recently in audit report No. 2004-168, finding No. FA 03-35.

Cause

The reporting errors noted occurred as a result of several reasons, including loan management system programming errors and inadequate review.

Effect

Reliability of the annual report may have been impaired by the reporting errors noted. The systems errors noted may also affect the reporting of other loans.

Recommendation

We recommend that OSFA personnel make appropriate programming changes and implement additional control measures designed to ensure the accuracy of reported information. We also recommend that OSFA retain copies of supporting documentation such as reconciliations.

State Agency Response and Corrective Action Plan

We concur with this recommendation. Loan statuses for consolidation loan segments have been updated to be consistent with the primary loan segment effective January 2005. The September 2004 Form 2000 Annual Report will be revised for AR-12 and AR-13.

Agency Contact and Telephone Number

Janie Westberry
(850) 410-6810

Estimated Corrective Action Date

March 31, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-027**
CFDA Number	84.032
Program Title	**Federal Family Education Loans Program (FFELP)**
Compliance Requirement	Special Tests and Provisions
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	None
Finding Type	Reportable Condition Questioned Costs – $9,190

Finding

The FDOE Office of Student Financial Assistance (OSFA) did not accurately calculate default aversion fees.

Criteria

34 CFR 682.404(k), Default Aversion Fee

Condition

At the request of a lender, a guaranty agency or its contractor shall perform default aversion activities designed to prevent a delinquent loan from going into default. In consideration of such efforts, the guaranty agency receives a default aversion fee of 1 percent of the loan balance. We reviewed default aversion fees associated with 23 consolidation loans and noted the following discrepancies:

- For 10 loans, the default aversion fee claimed by OSFA was either too large (7 loans) or too small (3 loans). Overstated fees totaled $9,433 while understated fees totaled $243. In 1 of the 10 cases, the default aversion fee was claimed twice. OSFA uses outside agencies under contract to perform its default aversion activities. In addition to the fee errors noted on these 10 loans, the balances referred to OSFA's contractors and the amounts paid to the contractors were also in error. We also noted 5 other loans where the default aversion fee claimed was correct but the balance referred to the contractor and the contractor's payment were both in error.
- As noted in a separate finding, consolidation loans larger than $99,999.99 have to be reported in segments due to limitations of OSFA's system. However, only the first segment is updated systematically through the lender reporting process. Subsequent segments were noted as having inconsistent loan statuses. These system deficiencies were also noted in 7 of the 23 default aversion fee loans as an incorrect loan status on at least one segment existed. These incorrect statuses may have contributed to the fee problems noted above. For example, in 3 of the cases, the loan went into forbearance subsequent to the default aversion request but the status of the second, third, etc. segments did not change and secondary segments were incorrectly assigned to default aversion contractors.
- In 5 of the loans, the lender-reported balance, on which the default aversion fee is based, was questionable considering the original principal guarantee. In 2 of the cases, the lender-reported balance was approximately $46,000 and $81,000 less than the original principal guaranteed 2½-3 months earlier. In the other 3 cases, the lender-reported balance was approximately $52,000 to $83,000 greater than the original principal guaranteed 1-6 years prior. These questionable lender-reported balances all contributed to the fee problems noted above.
- We also noted instances in which the distribution of default aversion fees among the loan segments was disproportionate to the loan balances in the segments, all loan segments were not referred to the default aversion contractor, or an incorrect lender number was recorded on one or more segments. These errors all reflect systemic problems with consolidation loans

that contributed to the noted fee problems.

Cause

The problems noted primarily result from loan management system programming errors and inadequate review procedures. OSFA staff were aware of some of the system deficiencies and have contractors on site working on corrections to the loan management system.

Effect

By misstating the default aversion fees earned, OSFA may transfer funds from its Federal fund that it is not entitled to and may pay the wrong amount to its default aversion contractors. OSFA staff indicated that because of known errors in the calculation of default aversion fees, OSFA has not transferred any default aversion fees earned from the Federal fund to the operating fund since Fall 2004. Although the errors we noted occurred during the 2003-04 fiscal year and resulted in incorrect transfers, OSFA has not transferred more default aversion fees in total that it has earned. OSFA indicated that it is currently due approximately $600,000 to $700,000.

Recommendation

We recommend that OSFA continue to implement the necessary programming changes to correct its loan management system and work with its default aversion contractors to determine the correct balances owed or due. Once system changes have been made and tested, OSFA should determine the correct amount of default aversion fees earned before transferring any of the fees from the Federal fund.

State Agency Response and Corrective Action Plan

We concur. Upon completion of the programming changes, OSFA will work with its contractors to determine the correct balances owed and due. OSFA will determine the amount of default aversion fees earned prior to transferring any of the fees from the Federal fund.

Agency Contact and Telephone Number

Janie Westberry
(850) 410-6810

Estimated Corrective Action Date

June 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-028**
CFDA Number	84.048
Program Title	**Vocational Education – Basic Grants to States**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**State Universities and Community Colleges – Broward Community College (Broward CC)**
Federal Grant/Contract Number and Grant Year	062-1514A-4CP01, July 1, 2003 – June 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - $119,652
Finding	The institution did not maintain signed employee certifications for the four grant employees tested who charged salary costs totaling $119,652 to Federal grant #062-1514A-4CP01.
Criteria	OMB Circular A-21, Section J.10.
Condition	The institution did not have procedures requiring after-the-fact confirmation of time-and-effort for the four employees tested whose salaries (total or partial) were charged to the grant. Total salary costs charged to the grant for these four employees during the 2003-04 fiscal year were $119,652. Subsequent to our inquiry, the institution provided an after-the-fact certification that the time-and-effort expended on the grant by these employees was appropriate.
Cause	Although the institution certifies employees' time charged to the program in their payroll system, the institution does not have adequate procedures addressing a payroll distribution system which includes after-the-fact time-and-effort confirmation for employees that work on Federal grants. The institution's payroll system alone does not meet the requirements of documenting time allocation required by OMB Circular A-21, Section J.10. Accordingly, institutions of higher education should develop an after-the-fact certification that confirms and documents time-and-effort to support payroll charges for employees to Federal grants.
Effect	Absent appropriate records documenting after-the-fact payroll distribution for employees' time-and-effort dedicated to Federal grants, the institution is unable to ensure that only allowable costs are charged to the grants.
Recommendation	We recommend that the institution develop and implement procedures that confirm and document after-the-fact time-and-effort for all salaries charged to Federal grants to ensure compliance with OMB Circular A-21, Section J.10.
Broward CC Response and Corrective Action Plan	The College has instituted an additional procedure whereby the appropriate Grant Administrator or Principal Investigator will certify at least annually or upon the completion of the grant award that any salaries and/or wages charged to the grant were reasonable in relation to the work performed.
Broward CC Contact and Telephone Number	Peter S. Elliott, CPA, Associate Vice President - Financial Operations (954) 201-7432
Estimated Corrective Action Date	01/24/2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-029**
CFDA Number	84.048
Program Title	**Vocational Education – Basic Grants to States**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**State Universities and Community Colleges - Daytona Beach Community College (DBCC)**
Federal Grant/Contract Number and Grant Year	642-1514A-4CP01, July 1, 2003 – July 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $181,220
Finding	The institution did not maintain at least annual after-the-fact confirmation of time-and-effort for employees tested who charged salary costs to the Vocational Education Grant.
Criteria	OMB Circular A-21, Section J. 10.
Condition	The institution did not have procedures requiring confirmation of after-the-fact time-and-effort for 9 of 16 employees tested whose total or partial salaries were charged to the Vocational Education Grant. Total salary costs of these 9 employees charged to the grant during fiscal year 2003-04 were $181,220. For the remaining 7 part-time employees, monthly time sheets were maintained that, although were not specifically designed to satisfy OMB Circular A-21, Section J.10., appear to contain adequate information to determine time-and-effort for the 7 employees.
Cause	Although the institution certifies employees' time charged to the program in their payroll system, the institution does not have adequate procedures addressing an after-the-fact payroll distribution system which includes time-and-effort confirmation for employees that work on Federal grants. The institution's payroll system alone does not meet the requirements of documenting time allocation required by OMB Circular A-21, Section J.10. Accordingly, institutions of higher education should develop an after-the-fact certification that confirms and documents time-and-effort to support payroll charges for employees to Federal grants.
Effect	Absent appropriate records documenting after-the-fact payroll distribution for employee's time-and-effort dedicated to Federal grants, the institution is unable to ensure that only allowable costs are charged to the grants.
Recommendation	We recommend that the institution develop and implement procedures that confirm and document after-the-fact time-and-effort for all salaries charged to Federal grants to ensure compliance with OMB Circular A-21, Section J.10.
DBCC Response and Corrective Action Plan	In order to substantiate that the grant-funded duties were being performed, supervisors have been required to provide an after-the-fact confirmation statement documenting the time and percentage of effort that grant-funded employees performed during the questioned period. A sample of the time and effort sheet is attached to this audit response. ***(Document not included with this report.)***
	Additionally, in keeping with OMB Circular A-21 J.10, procedures have been developed and approved by appropriate officials that require personnel funded through a grant, or paid through college funds but used as a grant cost share, to complete monthly time and effort reports that fully document allowable grant charges. In order to verify compliance and provide for more centralized recordkeeping, completed reports will be forwarded to the Grants Accounting

	Office on a monthly basis. The amended procedure is attached to this audit response. Throughout the month of February, meetings with project directors and supervisory staff are taking place to ensure full implementation of this procedure. Time and effort statements will be on file in the Grants Accounting Office for the period July 1, 2003 through February 28, 2005. All grant-funded staff will be using the new time and effort sheets beginning March 1, 2005.
DBCC Contact and Telephone Number	Laura F. Phillips, Associate Vice President - Controller
Estimated Corrective Action Date	Immediately

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-030**
CFDA Number	84.048
Program Title	**Vocational Education – Basic Grants to State**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**State Universities and Community Colleges** - **Miami Dade College (MDC)**
Federal Grant/Contract Number and Grant Year	132-1514A-4CP01, July 1, 2003 – June 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - $375,732

Finding

The institution failed to maintain signed employee certifications for the 11 grant employees tested who charged salary costs totaling $375,732 to Federal grant #132-1514A-4CP01 during the 2003-2004 fiscal year.

Criteria

OMB Circular A-21, Section J. 10.

Condition

The institution did not have procedures requiring after-the-fact confirmation of time-and-effort for the 11 employees tested whose salaries (total or partial) were charged to the grant. Salary costs charged to the grant totaled $375,732.

Cause

Although the institution certifies employees' time worked in their payroll system, the institution does not have adequate procedures addressing a payroll distribution system which includes after-the-fact time-and-effort confirmation for employees that work on Federal grants. The institution's payroll system alone does not meet the requirements of documenting time allocation required by OMB Circular A-21, Section J.10.

Effect

Absent appropriate records documenting after-the-fact payroll distribution for employee's time-and-effort dedicated to Federal grants, the institution is unable to ensure that only allowable costs are charged to the grants.

Recommendation

We recommend the institution develop and implement procedures that confirm and document after-the-fact time-and-effort for salaries charged to Federal grants to ensure compliance with OMB Circular A-21, Section J.10. Accordingly, institutions of higher education should develop an after-the-fact certification that confirms and documents time-and-effort to support payroll charges for employees to Federal grants.

MDC Response and Corrective Action Plan

Under established procedures, the College believes it is materially compliant with the procedures outlined in OMB Circular A-21, Sections J8 and J10 under the Federally acceptable Plan-Confirmation method of payroll distribution. Specifically, an annual budget is prepared and recorded, approved Request for Personnel Action forms (RPAs) are prepared authorizing the amounts to be charged against the appropriate budgeted line item, and bi-weekly, all payroll transactions are authorized through the College's automated Payroll System.

Specifically, to document the method of apportioning salaries and wages to cost objectives, the College utilizes an electronic online time and attendance approval process that identifies the cost objective for which the time and effort are charged. A responsible person, with suitable means of verification that the work was performed, approves time and attendance, biweekly, online.

To further address the concerns noted in this finding, the College will develop payroll distribution reports identifying Federal grant time and effort allocations and will have these manually approved on an annual basis.

MDC Contact and Telephone Number	Gregory Knott, Associate Vice Provost - Accounting Services (305) 237-0825
Estimated Corrective Action Date	August 1, 2005.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-031**
CFDA Number	84.048
Program Title	**Vocational Education – Basic Grants to States**
Compliance Requirement	Allowable Costs/Cost Principles and Matching, Level of Effort, Earmarking
State Agency	**Florida Department of Education (FDOE)**
Federal Grant/Contract Number and Grant Year	V048A010009 2001-02
Finding Type	Reportable Condition Questioned Costs - $619,208.26

Finding

FDOE's calculations of non-Federal expenditures identified for State administration were not adequately documented, limiting assurance that level of effort requirements were met for the 2001-02 fiscal year grant.

Criteria

34 CFR 403.181, cost-sharing requirements applicable to the basic program; OMB Circular A-87, Attachment B; 34 CFR 76.730, records related to grant funds; 34 CFR 76.731, records related to compliance; FDOE Personnel Activity Reporting System Implementation Memorandum

Condition

FDOE reported $1,388,207 for State administration on the December 31, 2003, financial status report for the 2001-02 fiscal year grant. According to FDOE accounting records, $675,419 was used from Federal sources for State administration for the 2001-02 fiscal year grant period. Although the matching and level of effort requirements appear to have been met based on the amounts reported, FDOE did not adequately document computations related to reported non-Federal expenditures for State administration. Specifically, available documentation did not adequately support the percentages used in the calculation that determined the amount of administrative expenditures allocated to the Program. Additionally, FDOE personnel were not able to provide documentation or an explanation as to how some amounts (totaling $480,791.55) were determined as State administration for the purpose of demonstrating compliance with level of effort requirements. Subsequent to our inquiries, FDOE provided documentation reflecting the correction of computational errors totaling $40,789.29.

Our review of FDOE computation work sheets and available time and effort documentation related to 14 employee positions noted:

- For 2 positions, Personnel Activity Report (PAR) forms did not support the percentages used in the calculation. Although FDOE used 18 percent of one employee's salary ($3,873), the PAR form did not indicate the percent of time worked on the Program. For the other employee, FDOE used 100 percent of the employee's salary ($25,100), but the PAR form indicated the employee worked 50 percent on the Program, and therefore only $12,550 of the salary should have been allocated to the Program.
- For 1 supervisory position, documentation was not provided to support the 18 percent of the employee's salary ($11,498) used in the calculation. FDOE policy provides that the salaries for supervisory positions are to be allocated based on the time allocation of the staff supervised. However, FDOE personnel indicated the percent used in the calculation was based on the supervisor's actual time and effort expended. However, documentation provided did not clearly support the supervisor's actual time and effort.
- For 4 State-level data system positions, 25 percent to 100 percent of the employees' salaries ($151,285) were used in the calculation. FDOE policy provides that time and effort of employees working as a team will be

determined based on a Federally-approved cost allocation plan. We requested but were not provided with a copy of a Federally-approved cost allocation plan for the State-level data system positions. FDOE also did not provide documentation supporting the percentages used in the calculation.

A finding regarding Level of Effort was also noted in audit report No. 2004-168, finding No. FA 03-40.

Cause

FDOE could not readily explain how some of the amounts on the worksheet for demonstrating State administration matching and level of effort were derived. Additionally, FDOE did not consistently follow established policies and procedures for documenting the time and effort of employees working on the Program.

Effect

Absent adequate documentation of the time and effort of employees in relation to the allocation of salaries reported as non-Federal expenditures identified for State administration, there is limited assurance that the level-of-effort requirements have been met.

Recommendation

We recommend that FDOE adequately document the calculation of percentages used to allocate administrative cost to the Program and the determination of non-Federal expenditures identified as State administration for the purpose of demonstrating Level of Effort compliance.

State Agency Response and Corrective Action Plan

The agency agrees that the quality of the level of effort documentation for the 2001-02 fiscal year had some deficiencies. However, the agency believes that the level of effort requirement was met despite the inadequacies of that documentation. The agency also believes that had its current policies and procedures been in place for the 2001-02 fiscal year, its level of effort would have been adequately documented.

With respect to the four state-level data system positions, the agency asserts that the analysis of work performed by these employees adequately supports the allocation of the salaries as they were actually charged to the program. However, the agency did not have a formally approved allocation plan for the charging of the data system positions and is currently seeking further guidance from USDE in respect to this issue.

Finally, with respect to the questioned amounts related to state administration requirements, the agency asserts that all amounts were correctly charged to administration with the exception of one very minor charge of approximately $500.

Agency Contact and Telephone Number

Bonnie Marmor and Martha Asbury
(850) 245-9463 and (850) 245-0456

Estimated Corrective Action Date

Additional guidance is currently being sought from USDE.

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-032**
CFDA Number	84.048
Program Title	**Vocational Education – Basic Grants to States**
Compliance Requirement	Reporting
State Agency	**State Universities and Community Colleges – Miami Dade College (MDC)**
Federal Grant/Contract Number and Grant Year	132-1514A-4CP01, July 1, 2003 – June 30, 2004
Finding Type	Reportable Condition
Finding	The institution failed to accurately report to the Florida Department of Education (FDOE) the performance measurements required by the grant "Terms and Conditions."
Criteria	*Accountability Report (Form IV) Consolidated Annual Performance, Accountability, and Financial Status Report (OMB No. 1830-0503)* and Grant #132-151 4A-4CP01, Terms and Special Conditions
Condition	Each year, the institution must provide data for FDOE to file an accountability report containing data to be used in determining whether it met its adjusted performance levels for each of its core indicators of performance and any State indicators of performance. Each institution must provide data for each sub-indicator of the four core indicators: (1) attainment of academic and vocational skills; (2) attainment of diploma or credential; (3) placement and retention; and (4) participation in, preparation for, and completion of programs leading to non-traditional occupations. The institution is required by FDOE to report performance measures to determine the progress and efficiency of its vocational education programs of study, and we noted the institution failed to accurately report the required performance measures in 1 of 15 students tested. Because this error was determined to be a programming error, the institution could be including other students that did not belong in the performance measurement calculations. A similar finding was noted in report No. 2004-168, finding No. FA 03-41.
Cause	The institution's computerized information system was recognizing college credits completed based on the graduation requirements of the student's year of entry, and these were being reported for inclusion in the performance measurements. The institution stated that this matter may be resolved through a programming "patch."
Effect	Failing to report accurate and verified performance measurements prevents FDOE from accurately determining the status or progress of the program.
Recommendation	We recommend that the institution inform FDOE of the erroneous information contained in the performance measurement report so necessary action is implemented to ensure data accurately reflects the condition of the program during the audited period. We also recommend that the institution proceed to resolve the problem in their computerized information system to ensure FDOE receives accurate data. Also, the institution should more closely monitor future reports to ensure the accuracy of the data reported.
MDC Response and Corrective Action Plan	The College agrees with the recommendation, has reported the program error to FDOE and will take the actions required to address the remaining issues raised in the finding.

MDC Contact and Telephone Number	Dr. Catherine Morris, Director, Institutional Research (305) 237-7468
Estimated Corrective Action Date	May 1, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-033**
CFDA Number	84.126
Program Title	**Rehabilitation Services - Vocational Rehabilitation Grants to States**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Education (FDOE)** **Division of Vocational Rehabilitation (DVR)**
Federal Grant/Contract Number and Grant Year	H126A030086F 2002-04
Finding Type	Reportable Condition Questioned Costs - $41,318.25
Finding	FDOE sometimes approved client services after the service had been provided and in some instances documentation was such that a determination of prior approval could not be made.
Criteria	34 CFR 361.50(e), Written policies governing the provision of services for individuals with disabilities. *Authorization of Services*
Condition	According to DVR's written procedures, the authorization for client services is required to be documented prior to or at the same time the services are provided or purchased, except in certain situations. We reviewed 31 expenditures totaling $112,270.77 for client services (27 DVR – related expenditures and 4 Division of Blind Services – related expenditures) and noted that for 9 expenditures, approvals were not made timely or the timeliness was not documented. Our review disclosed that 5 of the 9 DVR expenditures totaling $37,522.38 were authorized by the supervisor 1 to 29 days after the services were provided or completed. Additionally, for 2 DVR contracted service expenditures totaling $2,800, referrals were undated. For the remaining 2 expenditures from DVR totaling $995.87, the supervisory authorization was undated.
Cause	Field Service Operating Procedures with regard to the authorization of client services were not followed.
Effect	Prior authorization of client services assists FDOE management in maintaining adequate fiscal control of program activities.
Recommendation	We recommend that FDOE ensure adherence to the prescribed procedures regarding the authorization and approval of client services.
State Agency Response and Corrective Action Plan	The Agency concurs and will address adherence to prescribed procedures at Quarterly Supervisors Meetings, New Counselor Training, through communications with area directors and Counselor performance reviews.
Agency Contact and Telephone Number	Linda Parnell (850) 245-3399
Estimated Corrective Action Date	On-going

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-034**
CFDA Number	84.126
Program Title	**Rehabilitation Services – Vocational Rehabilitation Grants to States (VR)**
Compliance Requirement	Eligibility
State Agency	**Florida Department of Education (FDOE)** **Division of Vocational Rehabilitation (DVR)**
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Material Noncompliance

Finding

FDOE did not always ensure that VR Program regulations pertaining to the timely determination of eligibility or ineligibility with respect to individuals submitting applications for vocational rehabilitation services were met. Nor was documentation sufficient to ensure that clients, determined to be ineligible, were provided the opportunity for full consultation prior to the determination or that ineligible individuals were referred to other One-Stop delivery programs that could address the individual's training or employment related needs.

Criteria

34 CFR 361.41(b)(1), Processing referrals and applications; 34 CFR 361.43, Procedures for ineligibility determination.

Condition

We reviewed 44 eligible applicant case records (42 serviced by DVR and 2 serviced by the Division of Blind Services (DBS)) and noted 13 instances (all were individuals serviced by DVR) in which determinations of eligibility ranged from 2 to 81 days late. Determinations of eligibility are to be made within 60 days of an application being submitted.

We reviewed case records for 15 individuals determined to be ineligible (12 serviced by DVR and 3 serviced by DBS). Based on our review we noted 3 instances (all were individuals serviced by DVR) in which there was no evidence that the determination of ineligible was made only after providing an opportunity for full consultation with the individual or as appropriate the individual's representative. Additionally, we noted 6 instances (all were individuals serviced by DVR) in which the applicant was either not referred to the One-Stop Service Center or not referred to a Local Extended Service Provider if determined ineligible based on being incapable of achieving an employment outcome.

Cause

Although DVR had adequate eligibility determination procedures, they were not always followed. FDOE indicated that insufficient staffing levels and frequent turnover also contributed to the problem.

Effect

Untimely determinations of eligibility and the lack of maintaining required documentation jeopardizes management's ability to ascertain the current status of applicable individuals and to provide assurance that the program is being fully implemented as intended.

Recommendation

We recommend that FDOE ensure that determinations of eligibility are made within the required 60 days and take greater care to ensure that documentation is sufficient to evidence that procedures associated with ineligibility determination are met.

State Agency Response and Corrective Action Plan

The Agency concurs and will address adherence to this requirement at Quarterly Supervisors Meetings, New Counselor Training, through communications with area directors and Counselor performance reviews.

Agency Contact and Telephone Number	Linda Parnell (850) 245-3399
Estimated Corrective Action Date	On-going

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-035**
CFDA Number	84.126
Program Title	**Rehabilitation Services – Vocational Rehabilitation Grants to States**
Compliance Requirement	Reporting
State Agency	**Florida Department of Education (FDOE)** **Division of Vocational Rehabilitation (DVR)**
Federal Grant/Contract Number and Grant Year	H126A020086G 2001-03 and H126A030086F 2002-04
Finding Type	Reportable Condition

Finding

Although FDOE submitted the Annual Program Cost Report (RSA-2) to the Federal Government as required, procedures were not adequate to ensure the completeness and accuracy of information reported.

Criteria

34 CFR 361.40 - Reports.

Condition

FDOE is required to submit the RSA-2 Report to reflect all expenditures made from Federal, State, and other rehabilitation funds. We reviewed the RSA-2 for the period October 1, 2002, through September 30, 2003, submitted on February 3, 2004. Our review of selected line-items disclosed the following instances in which the Report did not reconcile to FDOE accounting records:

- Schedule I, Line 4, *Total Expenditures*, was understated by $202,138.
- Schedule II, Line 9, *All Other*, was understated by $70,480 which resulted in Line 10, *Total No. of Individuals and Expenditures* also being understated by $70,480.
- Schedule V, Line 3, *Amount of current Fiscal Year Title VI B Allotment carried over to next FY*, was understated by $49,900 and Line 4, *Amount of previous Fiscal Year Title VI B Allotment carried over and expended this FY*, was overstated by $41,980. Audit inquiry disclosed that FDOE had inadvertently switched the numbers in Lines 3 and 4.
- Schedule V, Line 5, *Amount of current Fiscal Year Program Income carried over to the next FY*, was overstated by $500,346. The amount overstated was the amount of encumbrances.

Cause

FDOE did not have adequate procedures in place to ensure that reports filed with the Federal Government included accurate information.

Effect

The failure to provide an accurate report hinders the proper administration of the program.

Recommendation

We recommend that FDOE take greater care in calculating the amounts to be reported to the Federal Government.

State Agency Response and Corrective Action Plan

The agency concurs that some adjustments were needed to amounts reported in the RSA-2. Those adjustments have been made and a revised report submitted to the Federal Government. There are several areas where the method of calculating the amounts to be reported are subject to interpretation. The agency will continue to seek clarification from the RSA with respect to the proper method(s) for arriving at these amounts. Additionally, DOE is participating in a survey being conducted by the GAO to evaluate the preparation and value of the RSA-2 report. This may provide the opportunity to recommend changes that would clarify the reporting instructions associated with the RSA-2. Finally, DOE will review its procedures for the preparation of this report to ensure that errors are not made in calculating amounts to be reported.

Agency Contact and Telephone Number	Richard Lee (850) 245-9355
Estimated Corrective Action Date	Agreed upon adjustments were made July 21, 2004. Clarification will be sought from the Federal Government by April 30, 2005. Procedures will be reviewed and revised by June 30, 2005, in preparation for submission of the next report in January of 2006.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-036**
CFDA Number	Various
Program Title	**Statewide Cost Allocation Plan (SWCAP)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Financial Services (FDFS)** **Florida Department of Management Services (FDMS)** **Florida Executive Office of the Governor (FEOG)**
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - Unknown

Finding

Revised reconciliations for the 2004 and 2005 SWCAPs indicate excessive balances for the 2001-02 and 2002-03 fiscal years for the Purchasing and Grants Donation Trust Fund.

Criteria

OMB Circular A-87, Attachment C, *State/Local-Wide Central Service Cost Allocation Plans*, Section G.2., *Working capital reserves*; ASMB C-10, *A Guide for State, Local and Indian Tribal Governments, Cost Principles and Procedures for Developing Cost Allocation Plans*

Condition

As disclosed in audit report No. 2004-168, finding No. FA 03-49, FEOG submitted to the Federal negotiator, a reconciliation for the Purchasing and Grants Donation Trust Fund in the 2004 SWCAP to report the central service purchasing activities. At that time, the reconciliation indicated that the fund balance was not excessive. However, as part of our examination of the 2005 SWCAP, we determined that the reconciliation did not include the correct beginning balance and requested that FEOG recalculate the reconciliation using corrected figures. Based on the revised reconciliations for both the 2004 and 2005 SWCAPs; the Purchasing and Grants Donation Trust Fund had excessive balances of $7,259,000 and $6,445,000 at June 30, 2002, and June 30, 2003, respectively. At the end of our fieldwork on February 16, 2005, negotiations with the Federal Government had not been finalized for either of the above-noted SWCAPs.

Cause

The Purchasing and Grants Donation Trust Fund had a substantial balance at the time of its initial inclusion in the SWCAP. Additionally, adequate consideration was not given to OMB A-87 guidelines requiring that the beginning balance for the initial year a reconciliation is included in the SWCAP should be the retained earnings/fund balance as reported in the State's Comprehensive Annual Financial Report.

Effect

An adjustment is generally required in instances where the fund balance is in excess of a reasonable reserve (i.e., an amount estimated to cover cash expenses for 60 days). Adjustments are generally made through one of the following methods: (a) a cash refund to the Federal Government for the Federal share of the adjustment, (b) credits to the amounts charged to the individual programs, or (c) adjustments to future billing rates. In exceptional cases, the cognizant Federal agency may approve a reserve of more than 60 days.

Recommendation

We recommend that FDFS, as the agency currently responsible for preparing the SWCAP, consult the Federal SWCAP negotiator with regard to the fund balance in excess of a 60-day reserve. To assist FDFS in its negotiation efforts, we recommend that FDMS provide FDFS with adequate analyses, such as nature of activities accounted for in the fund, the extent of Federal program participation, billing methodologies and rates, and known or expected future changes. Additionally, as the resolution of the prior audit finding may impact the resolution of this finding, we recommend that FDMS continue to work with the Federal Government to resolve that finding.

State Agency Response and Corrective Action Plan

Florida Department of Financial Services:

As recommended, FDFS will consult with the Federal SWCAP negotiator regarding the excess fund balance in the Purchasing and Grants Donation Trust Fund. Negotiations for the 2004 and 2005 SWCAP is scheduled for the week of March 28, 2005. FDFS plans to include FDMS in this negotiation process.

Florida Department of Management Services:

While DMS does not agree that the Trust Fund should be included in the SWCAP, the Department will assist FDFS in its negotiation efforts with the Federal SWCAP negotiators by providing adequate analysis of the Trust Fund as needed. DMS continues to coordinate with the Federal Government to resolve the issue of whether the 1% vendor fee is subject to OMB Circular A-87.

Agency Contact and Telephone Number

Florida Department of Financial Services:

Jackie Knight
(850) 410-9480

Florida Department of Management Services:

Mitchell Clark, Financial Management Services, (850) 487-9888
Fred Springer, State Purchasing, (850) 487-1898

Estimated Corrective Action Date

Florida Department of Financial Services:

April 1, 2005

Florida Department of Management Services:

June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-037**
CFDA Number	Various
Program Title	**Statewide Cost Allocation Plan**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Management Services (FDMS)** **Florida Executive Office of the Governor (FEOG)** **Florida Department of Financial Services (FDFS)**
Finding Type	Reportable Condition

Finding

Retirement contributions to the Florida Retirement System (FRS) are currently in accordance with generally accepted accounting principles and in accordance with OMB Circular A-87. Although the retirement contributions are currently considered reasonable, monitoring is needed to ensure that retirement contributions continue to be reasonable.

Criteria

OMB Circular A-87, Attachment A – General Principles for Determining Allowable Costs; Section C – Basic Guidelines; Attachment B – Selected Items of Cost; Section 8.e. – Compensation for Personal Services, Pension Plan Costs

Governmental Accounting Standards Board Statement No. 25, paragraph 36.

Condition

In September 2003, the U.S. Department of Health and Human Services (USDHHS), Office of Inspector General, reported that retirement contributions were in excess of the amounts reasonable and necessary to fully fund benefits. USDHHS specifically questioned the rate stabilization mechanism established in Section 121.031(3)(f), Florida Statutes. (USDHHS Report No. A-04-02-00012)

The rate stabilization mechanism was created to minimize the risk of future increases in contribution rates by controlling the use of the actuarial surplus of the (FRS). The rate stabilization mechanism restricts the amount of surplus that can be used in any one year to decrease contribution rates or increase retirement benefits.

Based on the conclusions of our consulting actuary, applying the rate stabilization mechanism as established by Florida law produces an equivalent result to amortizing the entire surplus over a number of years as allowed by generally accepted accounting principles (GAAP). For example, the FRS Actuarial Evaluation as of July 1, 2004, shows a surplus of $11.5 billion, indicating that the FRS continued to be fully funded. The rate stabilization mechanism allows $603.9 million of the surplus to be used for the 2005-06 budget year to decrease contribution rates or increase benefits. In comparison, amortizing the surplus using a level percentage of projected payroll open method provided for in GASB Statement 25 and the assumptions used in the FRS Actuarial Valuation results in an amortization period of less than 40 years. GASB Statement 25 allows a maximum amortization period of 40 years for fiscal years commencing prior to June 16, 2006, and a maximum of 30 years for fiscal years commencing after June 15, 2006.

Cause

Application of the rate stabilization mechanism may result in unreasonable contribution rates if an equivalent amortization of the FRS surplus produces an amortization period that is greater than the amortization period allowed by GAAP.

Effect

Because the equivalent amortization period provided by amortizing the surplus is less than the period allowed by GAAP, the resulting contribution rates are considered to be reasonable. However, should the equivalent amortization period be greater than the number of years allowed by GAAP, then the resulting contribution rates may not be reasonable as contemplated by OMB Circular A-87.

Recommendation	We recommend that FDMS annually monitor the rate stabilization mechanism to ensure the results are equivalent to the results afforded through an amortization of the surplus in accordance with GAAP. A comparison of the results should be documented and disclosed in the FRS Actuarial Valuation report to further demonstrate FDMS monitoring efforts and to facilitate an independent third-party review. We further recommend that FDMS consult with State Executive and Legislative Branch policy makers with regard to any necessary changes to Section 121.031, Florida Statutes.
State Agency Response and Corrective Action Plan	As part of the annual actuarial review, the Department will require that the actuary create an additional amortization report of the total actuarial surplus in addition to current available surplus reports following the RSM guidelines. A comparison of these two reports of actuarial surplus availability will ensure information is available to determine whether the amortization of the surplus is in accordance with GAAP. These reports will be documented and disclosed in the annual Actuarial Valuation Report. Should the surplus exceed the amortization period required by GAAP, the Department will consult with State Executive and Legislative Branch policy makers with regard to any recommended changes to Section 121.031, Florida Statutes.
Agency Contact and Telephone Number	Steve Rumph, Inspector General (850) 488-5285
Estimated Corrective Action Date	NA

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-038**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Procurement
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition
Finding	FDOH did not always sufficiently inform contractors receiving Federal funds as to their responsibilities relating to Federal compliance requirements.
Criteria	In order to fulfill the requirements imposed on a pass-through entity by OMB Circular A-133, §___.400(d), the pass-through agency should determine whether a contractor is a vendor or a subrecipient prior to entering into a contract.
Condition	Although, FDOH has developed standard contract attachments that provide for the identification of Federal funding and compliance requirements, the documents do not adequately provide the means to notify contractors as to whether the contract represents a sub grant or vendor relationship. Consequently, the decision as to whether the contract represents a subgrant or a purchase, and whether Federal compliance requirements apply may be made by the contractor rather than the FDOH. Additionally, FDOH contract managers did not always properly complete the standard contract attachments to identify Federal subawards and related compliance requirements. (See examples in findings FA 04-66 and FA 04-78.)
Cause	FDOH had not adequately designed standard contract attachments and contract managers did not always follow FDOH policy regarding preparation of the documents.
Effect	Contractors may not be aware of the applicability of Federal compliance requirements related to funds received from FDOH, and consequently, not ensure compliance with those requirements.
Recommendation	We recommend that FDOH revise its standard contract attachments to include a provision for FDOH to identify whether the contractor has been determined to be a vendor or subrecipient. Additionally, FDOH should ensure that its contract review and approval process ensures contract attachments are properly complete and accurate.
State Agency Response and Corrective Action Plan	Response: The FDOH will develop a checklist based on guidance from OMB A-133, Section .210 Sub recipient and vendor determinations for use by contract managers to determine the relationship between the FDOH and the contractor. This checklist will be similar to the checklist used to determine the recipient/vendor relationship for vendors receiving state financial assistance. Also, the FDOH will strengthen its contract review and approval process to ensure that contract attachments are complete and accurate. Corrective Action: 1) Develop subrecipient/vendor checklist for Federally-funded contracts; 2) Establish procedures to ensure that all contract attachments contained in contract files are complete and accurate.
Agency Contact and Telephone Number	Matthew W. Kirkland, C.P.A., Chief, Bureau of Finance & Accounting (850) 245-4500
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-039**
CFDA Number	Various
Program Title	**Various (See Condition)**
Compliance Requirement	Suspension and Debarment
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance and Reportable Condition

Finding

FDCFS did not always follow Federal requirements with regard to awards to subrecipients.

Criteria

45 CFR 76 and 68 Federal Register 66547, November 26, 2003, Subpart C, ___.300, Governmentwide Debarment and Suspension (Nonprocurement)

Condition

We examined FDCFS records pertaining to 40 service providers. FDCFS did not provide, for our review, a certification regarding suspension and debarment for four of the service providers. In three of these four instances, FDCFS indicated that it never obtained the certification. In the remaining instance, FDCFS indicated the completed certification was missing.

At the date of our review, the four subrecipients were not listed on the *List of Parties Excluded From Federal Procurement and Nonprocurement Programs* issued by the General Services Administration.

The above noted instances pertained to the following major programs:

93.558 - Temporary Assistance for Needy Families
93.658 - Foster Care -Title IV-E
93.659 - Adoption Assistance
93.667 - Social Services Block Grant
93.778 - Medical Assistance Program
93.958 - Block Grants for Community Mental Health Services
93.959 - Block Grants for the Prevention and Treatment of Substance Abuse

Cause

Although FDCFS procedures require contract managers to obtain debarment and suspension certifications, FDCFS did not monitor the receipt of the forms.

Effect

FDCFS could enter into contracts with entities that have been suspended or debarred.

Recommendation

We recommend that FDCFS ensure that contract managers are aware of the requirement to obtain signed suspension and debarment certifications as part of the contract review training sessions and memoranda. We also recommend that FDCFS randomly audit contract files to ensure retention of required documentation.

State Agency Response and Corrective Action Plan

The department concurs. The department requires contract managers to obtain certification of debarment and suspension forms from any provider who receives in excess of $25,000 in federal funding. This is addressed in the department's operating procedure (CFOP 75-2) and in the contract manager's training curriculum. Prior to execution, a contract review is conducted of each contract by Zone Contract Administration and this document is one of the administrative support documents to be included in the review packet. Additionally, the debarment and suspension form is included in the review checklist for the contract manager's file review. As the findings of this audit reveal a level of non-compliance with the requirement, the Office of Contracted Client Services will implement the following corrective actions:

1. The requirement for completion of the debarment and suspension forms will be included as formal agenda items in the next three monthly Contract Administrator's conference calls.

2. Each Zone Contract Administrator will be required to submit an assurance, no later than April 30, 2005 that all current contracts contain the required certification of debarment and suspension form where appropriate.

3. Each Zone Contract Administrator will send to the Office of Contracted Client Services a copy of the contract review checklist used in their Zone for contract and amendment reviews as well as the review tool used for the contract manager file review no later than April 30, 2005. These checklists and tools will be reviewed and feedback will be provided not later than May 15, 2005.

4. As the department continues to increase the support for contracting activities through the development and implementation of Contract Resource Teams, one function of the Quality Assurance position on that team will be to measure process and performance improvement including the level of compliance in obtaining the debarment and suspension certification.

Agency Contact and Telephone Number

Walter Sachs
(850) 921-8983

Estimated Corrective Action Date

June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-040**
CFDA Number	Various
Program Title	**Various**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance and Reportable Condition

Finding

FDCFS did not always notify subrecipients of all required Federal award information.

Criteria

OMB Circular A-133, §___.400(d), Identification of Federal Award

Condition

FDCFS procedures require that a Post Award Notice of Federal Financial Participation (PAN) be given to contracted subrecipients. This document is used by FDCFS to provide the subrecipient with the required Federal award information (i.e., Federal agency, CFDA title and number, award name and number, and award year). A provider is sent an updated PAN for amendments to contracts involving Federal funding terms.

Our examination of FDCFS records pertaining to 40 service providers disclosed 6 instances where FDCFS did not inform the subrecipient of all Federal awards. In 5 of the 6 instances, PANs were provided to the subrecipients; however, they did not list all the Federal awards. For one instance, a PAN was not provided to the subrecipient. In this instance, another FDCFS document was provided that did not list the CFDA numbers, Federal awarding agencies, and all applicable Federal awards.

The above noted instances pertained to the following major programs:

93.566 - Refugee and Entrant Assistance – State Administered Program
93.558 - Temporary Assistance for Needy Families
93.658 - Foster Care -Title IV-E
93.659 - Adoption Assistance
93.667 - Social Services Block Grant
93.778 - Medical Assistance Program
93.958 - Block Grants for Community Mental Health Services
93.959 - Block Grants for the Prevention and Treatment of Substance Abuse

A similar finding was noted in audit report number 2004-168, finding No. FA 03-50.

Cause

FDCFS did not monitor completion of the PAN forms to ensure that all information was included and to ensure that a PAN was provided to all subrecipients.

Effect

Absent notification by FDCFS of applicable Federal award information, subrecipients may not correctly identify Federal funds for financial reporting and accountability purposes.

Recommendation

FDCFS should ensure that subrecipients are notified of required Federal award information in accordance with FDCFS procedures.

State Agency Response and Corrective Action Plan

The department concurs. The department requires contract managers to notify providers of federal funding amount and federal funding source through the use of a post-award notice within 90 days of contract execution. This requirement is also applicable to amendments when dollar amounts or funding sources change. This requirement is addressed in the department's operating procedure (CFOP 75-2) and in the contract manager's training curriculum. Additionally, the department's Audit Policy Unit has established a web-based platform for contract managers to use to easily produce the post-award notice document. The post-award notice document is included in the review checklist for the contract manager's file review. As the findings of this audit reveal a level of non-compliance with the requirement, the Office of Contracted Client Services will implement the following corrective actions:

1. The requirement for completion and distribution of the post-award notice will be included as formal agenda items in the next three monthly Contract Administrator's conference calls.

2. Each Zone Contract Administrator will be required to submit an assurance, no later than May 31, 2005 that all current contract manager files contain evidence that the required post-award notice form(s) were distributed.

3. As the department continues to increase the support for contracting activities through the development and implementation of Contract Resource Teams, one function of the Quality Assurance position on that team will be to measure process and performance improvement including the level of compliance in developing and distributing the post-award notice.

Agency Contact and Telephone Number

Walter Sachs
(850) 921-8983

Estimated Corrective Action Date

June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-041**
CFDA Number	Various
Program Title	**Various (See Condition)**
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Finding Type	Other

Finding

FDCFS did not have adequate procedures for coding expenditures to subrecipients to ensure that such expenditures were accurately reported on its Schedule of Expenditures of Federal Awards (SEFA).

Criteria

OMB Circular A-133, §_ ____.310(b) and Schedule of Expenditures of Federal Awards (SEFA) reporting instructions, Florida Department of Financial Services.

Condition

FDCFS did not accurately identify expenditures by entity type (i.e., State agency, community college, university and other subrecipients) on its SEFA. Each department SEFA is used in the compilation of the State SEFA. Consequently, the State agencies, universities, and community colleges within the State reporting entity must identify expenditures associated with grants, agreements, or contracts among the entities that comprise the State reporting entity. In addition, expenditures associated with subrecipient relationships with entities outside the State reporting entity must also be identified.

Our review disclosed 14 provider contracts (Federal share reported on the SEFA for the major programs listed below totaled $ 5,185,605.88) in which the subrecipient type was coded incorrectly in the accounting records. We also noted noncontractual expenditures totaling $ 761,024.44 for expenses, such as legal services, advertisements, telephone services and insurance that were incorrectly classified as subgrants to State agencies. The items noted above pertain to the following major programs:

10.561 – Food Stamps
93.558 – Temporary Assistance for Needy Families
93.566 – Refugee and Entrant Assistance – State Administered Programs
93.658 – Foster Care – Title IV-E
93.659 – Adoption Assistance
93.667 – Social Services Block Grant
93.778 – Medical Assistance Program
93.958 – Block Grants for Community Mental Health Services
93.959 – Block Grants for the Prevention and Treatment of Substance Abuse

A similar finding was noted in audit report number 2004-168, finding No. FA 03-52.

Cause

Expenditures were coded to the incorrect subrecipient type (i.e., State agency, community college, other subrecipient, etc.) in the accounting system. Additionally, when identifying noncontractual payments to other State agencies that represent subrecipient relationships, FDCFS in some instances failed to exclude payments coded to accounting codes representing vendor payments.

Effect

The failure to accurately identify expenditures by entity type limits assurance that the FDCFS SEFA is a reliable source for the State SEFA. The errors in the FDCFS SEFA are reflected in the State SEFA.

Recommendation

FDCFS should maintain appropriate accounting records to facilitate a summarization of the amount of Federal funds provided to each type of subrecipient and should accurately report this information on its SEFA.

State Agency Response and Corrective Action Plan	We agree with the recommendation that the amount of Federal funds provided to each type of subrecipient should be accurately reported on our SEFA. Subrecipient codes are contained in the contract information file in FLAIR. The GRANT system that is used to prepare the SEFA extracts subrecipient information from the contract information file. The contract information file is maintained by contract managers. The Office of Contracted Client Services has begun a quarterly review of this data entry field to determine compliance and resolve coding errors. Revenue Management will coordinate our extract of this data to help ensure the correct subrecipient codes are used.
Agency Contact and Telephone Number	Dana E. Sweat (850) 921-8181
Estimated Corrective Action Date	May 31, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-42**
CFDA Number	93.268
Program Title	**Immunization Grants**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	23/CCH422511-01 2003 and 23/CCH422511-02 2004
Finding Type	Reportable Condition Questioned Costs – $6,427.94
Finding	Salary costs were charged to the Immunization Grant program in error.
Criteria	OMB Circular A-87, Attachment B, Section 8.h.(4), *Support of Salaries and Wages* – Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.
Condition	We tested 40 Immunization Grant program expenditures, 24 of which were salary payments. Our test disclosed one instance in which the Immunization Grant Program was charged in excess of benefits received. The charge related to an employee whose duties included, among others, the administration of vaccines. A total of $6,427.94 in salary and benefits, for a 2.5 month time period, was charged to the Immunization Grant. FDOH indicated that the employee's salary and benefits should have been charged through the Department's salary allocation system.
Cause	FDOH review procedures are not sufficient to ensure that employees who work on multiple activities are charged to the appropriate Federal programs.
Effect	The Immunization Grant Program was charged costs in excess of actual benefits received.
Recommendation	We recommend that FDOH enhance its review procedures to ensure that salary costs are charged appropriately based on an employee's job duties.
State Agency Response and Corrective Action Plan	Response: The Bureau of Immunization will enhance procedures as indicated in the corrective action plan, allowing staff to track the potential quarterly transition of positions from Federal grant OCAs to Random Moment Sampling OCAs by the county health departments. Corrective Action: The Bureau of Immunization will extract salary costs on a quarterly basis from PeopleFirst for CHD personnel coded to Federal immunization grant OCAs and compare those lists with certification responses from the counties. These reports were previously run on a 6 month basis and may have been insufficient to monitor the possible quarterly movement of CHD personnel between grant and RMS OCAs. Increasing the frequency of these reports will allow staff to monitor changes at any point during the certification period and compare lists with the certification forms received from the CHDs. If certification forms are not provided by a CHD of their own volition, follow-up contact requesting appropriate certifications will be initiated and documented by bureau staff.
Agency Contact and Telephone Number	Charles H. Alexander, Chief, Bureau of Immunization (850) 245-4331
Estimated Corrective Action Date	August 19, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-043**
CFDA Number	93.283
Program Title	**Centers for Disease Control and Prevention – Investigations and Technical Assistance (CDC-ITA)**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	U90/CCU417006 (FDOH COB03)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $260,155

Finding

Employee time-and-effort reports were not signed by a supervisor with direct knowledge of the employees' activities. Additionally, one employee working on multiple programs did not maintain sufficient time distribution records, and salaries were charged to the grant prior to being authorized.

Criteria

OMB Circular A-21, Section J.10., Time-and-Effort Reporting

Condition

The institution was awarded a $1,308,588 contract to provide seven staff and a principal investigator to the Florida Department of Health (FDOH). Although the staff are institution employees, FDOH supervises and houses these employees. We reviewed institution records for the five employees and the principal investigator working under this contract during the 2003-04 fiscal year. We noted that the institution had completed appropriate time-and-effort certifications for the five employees working solely on CDC-ITA program activities. However, those certifications were not signed by a supervisor with direct knowledge of the employees and the work performed. Salaries and benefits for these five employees for the 2003-04 fiscal year totaled $255,512.

We also noted that the principal investigator's salary costs of $1,069 had been charged to the grant prior to the date the principal investigator was added to the FDOH contract. Additionally, while the principal investigator prepared a percentage of work effort report, the report reflected an allocation of time based on contract budget, not actual work effort. In addition to the $1,069 charged prior to authorization, the institution charged $3,574 of the principal investigator's salary to the FDOH grant.

Cause

The institution policy requires the Dean to approve certifications and immediate supervisors to monitor employees' work schedules, activities, leave, etc. However, due to the unique nature of the FDOH contracted positions, there are no institution employees who have direct knowledge of the employees and the work performed. Pursuant to the institution policy, faculty and professional positions are not required to maintain timesheets reflecting actual work performed.

Effect

The institution is unable to demonstrate that the principal investigator's salary was equitably charged to the CDC-ITA Program or fully substantiate the charges for the other salary costs. The Federal government may disallow costs.

Recommendation

We recommend that the institution consider amending their policies to ensure that, in unique situations, certifications are signed by individuals with appropriate knowledge of the employees and their work activities. Also, we recommend that the institution maintain time distribution records reflecting actual work performed for employees that work on more than one activity or project. In addition, payroll records should be adjusted to reflect actual, rather than budgeted, work effort.

FAMU Response and Corrective Action Plan

The University submitted an invoice to Florida Department of Health for October, November, and December 2003; and January and February 2004. The University received a letter from Florida Department of Health, dated March 31, 2004,

instructing us to bill them for 5% of the Principal Investigator's salary beginning with the October 2003 invoice. As a result, these invoices were modified to comply with this request. The Office of Sponsored programs, in conjunction with the Principal Investigator, will modify the contract to adjust the payroll records to ensure that the University does not bill for these costs during the final invoice preparation.

The University will require the direct supervisor located at the Department of Health to sign the payroll certifications. The University is also reviewing effort reporting systems to ensure that employees are only paid for actual work performed.

The University will strengthen its procedures to ensure full compliance with the requirements of the CDC contract.

FAMU Contact and Telephone Number

Dr. Castell V. Bryant, President
(850) 599-3225

Estimated Corrective Action Date

Payroll Certification Procedure Implementation - April 30, 2005; Implementation of an Automated Effort Reporting System - May 31, 2005; and no later than December 31, 2005 for full implementation of an automated effort reporting system.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-044**
CFDA Number	93.283
Program Title	**Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	U90/CCU417006 (Public Health Preparedness)
Finding Type	Material Noncompliance Questioned Costs – $8,581.46
Finding	FDOH charged the CDC-ITA Program for salary costs that were not supported by time and effort records.
Criteria	OMB Circular A-87, Attachment B, Section 8.h.(4), *Support of Salaries and Wages*
Condition	We tested 40 CDC-ITA Program expenditures, 11 of which were salary payments. Three of the salary payments were not supported by time and effort records. In two instances, the employees worked in Information Technology and on-call time was paid for from the CDC-ITA grant; however, time and effort records were not available to indicate that they worked on CDC-ITA activities during those time periods. Salary charges to the CDC-ITA Program for these employees totaled $6,340.81. In one instance, the FDOH indicated that the employee worked on the CDC-ITA Program; however, there were no time and effort records to document that the salary and benefits charged accurately reflected actual time worked on the Program. FDOH charged $2,240.65 to the CDC-ITA Program for this individual.
Cause	FDOH procedures are not sufficient to ensure the employees who work on more than one program are charging the programs correctly.
Effect	FDOH has not substantiated the allowability of the above-noted salary costs.
Recommendation	We recommend that FDOH maintain time and effort records for employees that work on more than one activity or project.
State Agency Response and Corrective Action Plan	Response: The CDC and HRSA Cooperative Agreement fund 101 projects. Some staff are tied to specific projects, other are more general (i.e. planning or training) and support multiple projects. Current practice includes certification of time by the individuals funded through these programs that they are working 100% of their time on projects related to these funding sources. Preparedness is the responsibility of all department employees and those persons not funded through these two Federal sources are often used as subject matter experts to assist with these projects. Corrective Action: Review current practice of recording time. Recommend process or procedure to link employee time to specific projects.
Agency Contact and Telephone Number	Rhonda White, Acting Director, Division of Emergency Medical Operations (850) 245-4562
Estimated Corrective Action Date	May 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-045**
CFDA Number	93.283
Program Title	**Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA)**
Compliance Requirement	Allowable Costs/Cost Principles Equipment and Real Property Management
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	U90/CCU417006 (Public Health Preparedness)
Finding Type	Material Noncompliance Questioned Costs – $12,275.85

Finding

Equipment purchased with CDC-ITA funds was not used solely for the CDC-ITA Program. Additionally, equipment purchased with CDC-ITA funds has not been placed into operation more than 18 months after the purchase.

Criteria

45 CFR 45.707 – Equipment management and disposition – The State agency is responsible for adequately managing the equipment, maintained records on the equipment, and taking periodic physical inventories.

Department of Health Asset Management Policy and Procedures – Assets shall be used by the program or project for which it was acquired, as long as needed, whether or not the program or project continues to be supported by Federal funds. Upon receipt of an asset, the receiving party will complete a Property Receiving Report in the Asset Manager System. After entry and processing of the receiving report, the property custodian shall print asset decals, affix the decals and attest that each asset decal is affixed.

Condition

We tested 5 CDC-ITA expenditures for the acquisition of property and equipment. One of the expenditures was for the purchase of three satellite systems totaling $12,275.85. These satellites were to be used by the county health departments to participate in training programs offered by the Department's Office of Performance Improvement which include, but are not limited to, CDC-ITA Program-related training. The satellite systems were received in July 2003, and one has been placed into operation. The remaining two satellite systems were not installed as of December 2, 2004. Additionally, FDOH had not recorded the three satellite systems into their Asset Management System, assigned property tag numbers, or physically tagged the items. Subsequent to our audit inquiries, FDOH recorded the property into the Asset Management System and issued property tags on December 8, 2004.

Cause

FDOH personnel indicated that the satellite systems had not been installed due to restrictions placed on construction by the municipalities.

Effect

The CDC-ITA Program was charged the full costs of the satellite systems rather than an allocation of costs based on the actual benefits received. Additionally, the Program was charged the cost of satellite systems that were not in use.

Recommendation

We recommend that FDOH ensure that CDC-ITA funds are used solely for Program purposes and that the costs of shared equipment is equitably charged to the programs for which the equipment is utilized. Additionally, FDOH should ensure proper approvals are obtained prior to or promptly after purchasing equipment so that equipment may be placed into operation. FDOH should also ensure that property is entered into the Asset Management System and tagged in a timely manner.

State Agency Response and Corrective Action Plan	Response: The Federal guidance provides for a broad definition of improving public health infrastructure which allow for equipment necessary for response to be used to support day-to-day operations. Florida uses an all-hazards approach to planning, equipping, training and exercising for events of public health significance. Corrective Action: Develop review and monitoring process to assure that all equipment purchased with Federal dollars is recorded in the Asset Management System and appropriately tagged within prescribed time frames. Ensure that 2004-2005 equipment purchased with Federal dollars is included in the Asset Management System using the process developed above.
Agency Contact and Telephone Number	Rhonda White, Acting Director, Division of Emergency Medical Operations (850) 245-4562
Estimated Corrective Action Date	September 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-046**
CFDA Number	93.283
Program Title	**Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA)**
Compliance Requirement	Allowable Costs/Cost Principles Procurement Subrecipient Monitoring
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	U90/CCU417006 (Public Health Preparedness)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $355,895

Finding

FDOH procurement practices did not give due consideration to the Florida Legislature's intent regarding fair and open competition and the Federal cost principles regarding necessary and reasonable costs. Additionally, FDOH did not perform adequate monitoring of the contractor's performance. (See related finding FA 04-48.)

Criteria

45 CFR 92.36 (a) – When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

OMB Circular A-87, Attachment A, Sections **C.1.a.** – costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; **C.1.b.** – costs must be authorized or not prohibited under State laws or regulations; **C.2.** – In determining reasonableness of a given cost, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining; Federal and State laws; the market prices for comparable goods or services; and significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs; and **G. *Interagency Services*** – a standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service.

Section 287.001, Florida Statutes - The Legislature recognizes that fair and open competition is a basic tenet of public procurement; that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically; and that documentation of the acts taken and effective monitoring mechanisms are important means of curbing any improprieties and establishing public confidence in the process by which commodities and contractual services are procured.

An agency administering a Federal awards program is responsible for ensuring that program moneys are used in accordance with applicable Federal laws, regulations, and cost principles. Consequently, when commodities or contractual services are purchased, the administering agency should ensure that the commodities or contractual services are received at an acceptable level of quality. Similarly, under OMB Circular A-133, §___.400(d)(3) an administering agency should monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes and that performance goals are achieved.

Condition

Utilizing the exemption included in Section 287.057(5)(f)13., Florida Statutes, which indicates that services or commodities provided by governmental agencies are not subject to competitive solicitation, FDOH awarded a contract totaling

$1,887,900 to Tallahassee Community College (TCC) for Public Health Preparedness – Strategic National Stockpile (SNS) training. Our review of the award and administration of this contract disclosed that FDOH did not have authority to acquire services from a private subcontractor without competitive solicitation and costs incurred were not always necessary and reasonable:

- The contract was awarded to TCC on a noncompetitive basis and the services were subcontracted by TCC to a private vendor prior to FDOH signing the contract with TCC. Section 287.057(5)(f)13., Florida Statutes, exempts services provided by governmental agencies from competitive solicitation; however, this exemption does not allow State agencies to utilize other governmental agencies to acquire services on its behalf from private organizations.

- FDOH had not documented the basis upon which contract price and terms were determined. FDOH paid TCC $265,995 in excess of the costs identified by TCC as having been incurred to carry out the contract. Because FDOH and TCC are components of the State government, the residual amount retained by TCC was not the result of an arm's length transaction. Consequently, the residual amount, although disbursed by FDOH to TCC, was not used for the CDC-ITA Program.

- FDOH provided TCC $89,900 for indirect costs, an amount equal to 5 percent of the total contract amount. FDOH was not able to provide documentation supporting that consideration was given to the provisions of OMB Circulars A-21 and A-87, in regard to indirect costs. Because the services were substantially provided through a subcontract, we considered FDOH's contract with TCC to be a contract for interagency services and used the provisions of OMB A-87 as a guide for assessing the reasonableness of indirect costs paid by FDOH. Based on records obtained from TCC, the salary for the contract manager ($45,887) was charged to another FDOH contract, so no direct salary or wage costs were charged to this contract. Absent the actual indirect costs incurred to administer the contract, an appropriate amount for indirect costs has not been supported. However, the contract manager asserted that he spent 15 percent of his time administering this grant, although time and effort records were not maintained to document this. Considering the contract manager's salary and the asserted time and effort, 15 percent of the allocated salary costs would be $6,883. Thus, when compared to $688 (ten percent of $6,883) the amount paid for indirect costs ($89,900) does not appear to be reasonable.

- One of the primary lead employees for FDOH on preparedness activities retired from FDOH on August 14, 2003, and was listed as the project manager on the subcontractor's SNS Work Plan dated October 15, 2003. Section 112.3185(4), Florida Statutes, provides that no agency employee shall, within two years after retirement or termination, have or hold any employment or contractual relationship with any business entity other than an agency in connection with any contract for contractual services which was within his or her responsibility while an employee.

We also noted that FDOH did not perform administrative monitoring or adequate programmatic monitoring of the contract during the 2003-04 fiscal year. Programmatic monitoring was limited to a review of the December 2003 status report prepared by the subcontractor and submitted to TCC. While the Department provided the document as evidence of monitoring, there was no indication that the report had been reviewed, by whom, or what conclusions regarding contractor performance had been reached.

Cause

Inadequate procedures regarding the methods of procurement and pricing, misapplication of statutory exemptions, and insufficient procedures for monitoring

were contributing factors in the above-noted instances.

Effect

The contract resulted in a residual amount, which TCC is not obligated under the contract to use for Program purposes. Additionally, FDOH incurred excessive indirect costs that would not have been incurred had FDOH contracted directly with the vendor. Absent competition or documentation clearly outlining that the procurement decisions were in the best interest of the State agency and Federal grantor agency, there is little confidence that the contract was awarded equitably and economically and without improprieties.

Recommendation

Subsequent to our audit inquiries, FDOH management initiated a review of contracting procedures and requested the FDOH Inspector General to investigate the involvement of the former FDOH employee, serving as the subcontractor's contract manager, in the contracting process. FDOH also terminated its contract with TCC effective November 24, 2004.

In keeping with FDOH efforts, we recommend that FDOH enhance its policies and procedures as necessary to ensure that it obtains the best prices and terms and conditions available and that such prices and terms and conditions are in compliance with State and Federal laws and applicable cost principles. Furthermore, we recommend that FDOH fully document all decisions made in the procurement process, including the selection of a contractor, the contract terms and price, legal interpretations, etc., and conclusions regarding compliance with State and Federal laws and applicable cost principles. We also recommend that FDOH evaluate its contract pricing methods for contracts that are not subject to arms length bargaining or competitive solicitation and implement procedures for monitoring contracts with universities and community colleges.

If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contract, we recommend that FDOH restore to the grant an amount equal to the indirect costs ($89,900) and the residual amount retained by TCC ($265,995) and seek reimbursement from TCC. Additionally, we recommend that FDOH take appropriate actions should the FDOH Inspector General's investigation disclose any ethics violations.

State Agency Response and Corrective Action Plan

Response: The FDOH will modify its policies and procedures ensuring contract managers provide a detailed cost/price analysis for all non-competitively procured contracts. The FDOH will also implement procedures and quality assurance checks and balances to ensure procurement decisions are properly documented within the contract files prior to execution of contracts. On December 6, 2004, the FDOH issued Subcontracting Approval Procedures designed to ensure subcontracting procurement compliance with section 287.057(5)(f), F.S., within FDOH noncompetitive contracts. The FDOH will enhance its current contract monitoring procedures to include colleges and universities. The FDOH will solicit TCC for actual cost data, and in those cases where payments exceeded costs borne by the college in fulfilling the terms of the contract(s), reimbursement will be requested based on guidance from the Implementation Guide for OMB A-87 and discussions with the Federal Division of Cost Allocation.

Corrective Action: 1) Modify procedures requiring detailed cost/price analysis for non-competitively procured contracts; 2) The FDOH will make efforts to seek reimbursement from TCC and will work with the Inspector General to take appropriate action should the Inspector General's investigation disclose ethical violations.

Agency Contact and Telephone Number

Gary Mahoney, Director, Division of Administration
(850) 245-4149

Estimated Corrective Action Date

June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-047**
CFDA Number	93.283
Program Title	**Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA)**
Compliance Requirement	Allowable Costs/Cost Principles Subrecipient Monitoring
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	U90/CCU417006 (Public Health Preparedness)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $351,408.59

Finding

FDOH contracted with State universities and a community college to provide staffing to administer grant activities under FDOH direction rather than using authorized positions or outsourcing services. FDOH did not use competitive procurement methods when establishing the contractual arrangements. The basis for costs incurred by FDOH related to selected contracts for staff and staff training were not always documented and in some instances were not necessary and reasonable. Additionally, FDOH did not adequately monitor the contracts. (See similar finding FA 04-46.)

Criteria

45 CFR 92.36 (a) – When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

Sections 216.262(1) and 216.2625, Florida Statutes – Except for positions funded by county health department trust funds or the United States Trust Fund, the total number of authorized positions for FDOH is limited to the number of positions provided in the appropriations acts.

OMB Circular A-87, Attachment A, Section C.1.a. – Costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; **C.1.b.** – costs must be authorized or not prohibited under State laws or regulations; **C.2.** – In determining reasonableness of a given cost, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining; Federal and State laws; the market prices for comparable goods or services; and significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs; and **G. *Interagency Services*** – A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service.

An agency administering a Federal awards program is responsible for ensuring that program moneys are used in accordance with applicable Federal laws, regulations, and cost principles. Consequently, when commodities or contractual services are purchased, the administering agency should ensure that the commodities or contractual services are received at an acceptable level of quality. Similarly, under OMB Circular A-133, §___.400(d)(3) an administering agency should monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes and that performance goals are achieved.

Condition

We reviewed five CDC-ITA contracts totaling $7.5 million with two State universities and one community college for staffing, training, and related activities. Expenditures during the 2003-04 fiscal year relative to the five contracts totaled $2.3 million. Three of the contracts were with Florida State University (FSU), one

was with Florida A&M University (FAMU) and one was with Tallahassee Community College (TCC).

FDOH entered into contracts with universities and a community college, to acquire staff (contracted employees) to perform grant-related activities in lieu of using agency authorized positions or outsourcing services. Four of the five contracts reviewed provided a total of 39 staff that were compensated by the universities or college (including being provided with membership in the Florida Retirement System). These contracted employees were housed at FDOH headquarters and its county health departments and FDOH provided office space, furniture, computers, telephone services, and supervision. These four contracts also included a provision which provides that FDOH is responsible for any leave payments to the contracted employees upon termination of their employment from the university or college. Some of the contracted employees were former FDOH employees who received significant pay increases as contracted employees. We reviewed employment data for 32 contracted employees that were working at the time of our audit fieldwork. We noted that 15 of the 32 contracted employees were former FDOH employees. The 15 employees received pay increases totaling $102,768.14 at the time of the contract. Nine of the 15 received more than a ten percent increase in pay with minimal or no breaks in service or change in job duties. Increases in salaries (excluding fringe benefits) for the nine employees ranged from $5,517.13 to $16,502.80 for the 2003-04 fiscal year. Two of the 32 contracted employees were classified as other personal services employees at FDOH but became full-time salaried employees under the staffing contract with TCC, which resulted in additional costs of $32,256 for fringe benefits.

In conducting our fieldwork, we became aware of several additional staffing contracts funded by Federal programs. The programs are identified at the conclusion of this finding.

FDOH cited the exemption of services provided by governmental agencies from competitive solicitation, (Section 287.057(5)(f)13., Florida Statutes) and did not use competitive solicitation to award the five contracts to the universities and the community college. However, the staff analysis by the Committee on Governmental Operations dated October 19, 1985, to House Bill 73 (which became chapter 86-52, Laws of Florida), indicates that the exemption was created to allow the government to realize savings by using intra-agency services. The staff analysis cites economic consultations, computer services, and research grants with universities as examples of services that would come under the provision. It is not clear how the staffing arrangements provided for through the FDOH contracts with the universities and college are consistent with the intent of the exemption. Furthermore, this arrangement is not consistent with the restrictions on authorized positions provided for in Section 216.262(1), Florida Statutes.

Also, as described below, FDOH did not provide assurance through contract terms and execution that certain costs charged under the contracts were necessary and reasonable.

Contract Pricing

- FDOH did not document how it selected the university or college to perform the contracts or the basis upon which contract terms and price were determined (including the extent to which the cost principles contained in OMB Circulars A-21 and A-87 were used). In one instance, FSU staff indicated that FSU was awarded one of the contracts based on the expertise of a former FDOH Secretary and another former FDOH employee who are employed by the university.
- Three of the five contracts included fixed-price components for training and training related evaluations. For two of the fixed-priced components totaling

$1,033,332, FDOH paid a total of $190,579.87 in excess of the costs identified by the university and college as having been incurred to provide the training and related portions of the contracts (FSU, $83,397.37; TCC, $107,182.50). The residual amounts were retained by the two institutions. Because FDOH and the universities and community colleges are components of the State government, the residual amounts retained by FSU and TCC are not the result of arms length transactions. Consequently, the residual amounts, although disbursed by FDOH to FSU and TCC, were not used for the CDC-ITA Program.

- One of the five contracts was a fixed-price contract in the amount of $181,813 for FSU staff to provide administrative support for approximately 200 positions provided to FDOH. FDOH paid from multiple sources a total of $34,215.06 in excess of the costs identified by the university as having been incurred to perform the contract. During the 2003-04 fiscal year, a portion ($16,340) of the expenditures for this administrative contract were charged to the CDC-ITA Program, so a portion of the residual amount retained by FSU is attributable to the Program. The agreement between FDOH and FSU is not an arms length transaction and the residual amount retained by FSU was not used for the CDC-ITA Program.

- Two of the FSU contracts included provisions for a 2.5 percent performance bonus to secure timely and efficient performance of contractual obligations relative to the cost-reimbursement provisions for staffing. During the 2003-04 fiscal year, FDOH paid performance bonuses totaling $8,847.99 under one of these two contracts. Performance bonuses under the other contract were to begin in the 2004-05 fiscal year. FDOH indicated that performance bonuses are to induce enhanced performance by vendors. However, performance bonuses were paid for successful completion of the contract deliverables rather than achievement of performance beyond that required by the contract. Consequently, the basis for using performance bonus provisions in these two contracts is not apparent, nor is it apparent what added value, if any, FDOH received in exchange for the bonuses paid. FSU records indicate that the university received performance bonuses totaling approximately $93,000 during the 2003-04 fiscal year from FDOH for multiple contracts.

Indirect Costs

- The four contracts with cost-reimbursement provisions included provisions for indirect costs equal to five percent of the contract amount (including payroll costs of the contracted employees working at FDOH and its county health departments) or the contract amount excluding any performance bonuses. The five-percent provision for indirect costs is based on Section 216.346, Florida Statutes, which restricts the amount of overhead or indirect costs that may be charged by a State agency, university, or college to another State agency to five percent of the total amount of the contract. As previously noted, FDOH did not document whether the cost principles contained in either OMB Circular A-21 or A-87 were used as a basis for determining contract prices, including indirect costs allowances. Additionally, FDOH did not specifically identify whether these contracts were grant subawards or purchases. Consequently, we considered these contracts, or substantial portions thereof, to be purchases of interagency services and used the provisions of OMB A-87 as a guide for assessing the reasonableness of indirect costs paid by FDOH. OMB Circular A-87 provides that a standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. During the 2003-04 fiscal year, FDOH paid $100,467.66 in indirect costs for these four contracts. As shown below, it appears that only $12,518.85 of this amount was

based on direct salary and wage cost of administering the staffing activities and performing the training and training-related activities:

Institution/Contract No.	Direct Salaries and Wages		Indirect Costs	
	Paid	Ten Percent	Paid	Excess
FSU – C0B97	$ 6,981.51	698.15	$ 17,695.97	$ 16,997.82
FSU – C0B01	80,218.00	8,021.80	33,638.65	25,616.85
FAMU – C0B03	3,574.12	357.41	16,757.81	16,400.40
TCC – C0B02	34,414.91 (a)	3,441.49	32,375.23	28,933.74
Total	$125,188.54	12, 518.85	$100,467.66	$87,948.81

Note: (a) Allocated Amount – 75 percent of contract manager's salary ($45,886.54).

FDOH personnel asserted that the salaries paid to the contracted staff were the cost of providing the services. Notwithstanding FDOH's assertion, the service purchased was the administrative activities associated with hiring and paying the contracted staff, some of which were already provided for through a separate contract. Additionally, the USDHHS Implementation Guide for OMB Circular A-87 indicates that allowing a flat 10 percent of direct salary and wage cost of providing the service is allowed as a nominal amount in lieu of determining actual indirect costs. Clearly, 10 percent of the total amount of the contract staffing components ($5,786,789) is not a nominal amount, especially considering that much of the support for the contracted positions was already provided by FDOH.

Time and Effort of Contracted Employees

- Two of the 32 contracted employees worked on other activities in addition to the CDC-ITA Program. Salaries and benefits charged to the Program for these two employees totaled $ 47,691.92. Time and effort records were not maintained to allocate these salaries to the benefiting activities.

Monitoring of Contract Performance

Pursuant to established FDOH policy, no administrative monitoring is performed for contracts with universities and community colleges. FDOH personnel indicated that they believe administrative monitoring of these entities would be redundant and a misuse of limited resources. While documentation of programmatic monitoring could not be provided, FDOH indicated that monitoring was performed daily by reviewing attendance and performance of the personnel assigned to perform the contract services.

Cause

FDOH personnel stated that the decision to contract for services was made following an effort to seek additional permanent positions through the procedure outlined in Section 216.262, Florida Statutes; however, documentation of its efforts was not provided.

Effect

FDOH charged costs to the CDC-ITA program that would not have been charged had FDOH used authorized positions. The contracts resulted in a residual to FSU and TCC. The university and college are not obligated under their respective contracts to use the residual amount for Program purposes. Additionally, the amounts provided for the 2.5 percent performance bonus and indirect costs do not appear to be reasonable and necessary. The Federal government may disallow costs.

Recommendation

We recommend that, absent statutory authority, FDOH refrain from entering into staffing contracts with universities and community colleges. We recommend that FDOH enhance its policies and procedures as necessary to ensure that it obtains the best prices and terms and conditions available and that such prices and terms and conditions are in compliance with State and Federal laws and applicable costs

principles. We also recommend that FDOH fully document all procurement decisions, including the selection of a contractor, the basis for the contract terms and price, legal interpretations, etc., and conclusions regarding compliance with State and Federal laws and applicable cost principles. We recommend that FDOH implement procedures for monitoring contracts with universities and community colleges.

If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contracts, we recommend that FDOH restore to the grant an amount equal to the residual amounts retained by FSU ($83,397.37 and applicable portion of $16,340) and TCC ($107,182.50), the amounts paid for performance bonuses ($8,847.99), the portion of salary costs ($47,691.92) improperly charged to the grant for employees working on activities other than the grant, and the excess indirect costs ($87,948.81) and seek reimbursement from the two institutions. We also recommend that FDOH review other staffing contracts funded with Federal awards (see the table at the conclusion of this finding) to identify other costs that may not be necessary and reasonable and consult the Federal grantor agencies with regard to appropriate corrective actions.

In November 2004, FSU notified FDOH that it would terminate staffing contracts with FDOH effective June 30, 2005. As previously noted, the contractual terms provide that FDOH will be responsible for paying for the accumulated leave of contracted employees upon termination of employment from FSU. We recommend that FDOH explore legal and budgetary ramifications that result from the termination of the staffing contracts.

State Agency Response and Corrective Action Plan

Response: Due to the non-recurring and uncertain funding levels of some Federal grant sources such as those from CDC's Public Health Preparedness grant, the FDOH elected outsourcing through a university support services arrangement. The purpose of the support services contract(s) is to assure management and quality control over service deliveries and deliverables, and to optimize funding. The FDOH will modify its policies and procedures ensuring contract managers provide a detailed cost/price analysis for all non-competitively procured contracts. The FDOH will also implement procedures and quality assurance checks and balances to ensure procurement decisions are properly documented within the contract files prior to execution of contracts. To assure maximum value for services, on February 11, 2005, the FDOH publicly issued an Invitation to Negotiate (ITN) to procure support services. The FDOH will also evaluate those support service activities and corresponding funding to determine if competitively bid deliverable based contracts are the most cost effective means to deliver the highest quality of service and the most effective use of limited funding. The FDOH will enhance its current contract monitoring procedures to include colleges and universities. The FDOH will solicit FSU and TCC for actual cost data, and in those cases where payments exceeded costs borne by the university and college in fulfilling the terms of the contract(s), reimbursement will be requested based on guidance from the Implementation Guide for OMB A-87 and discussions with the Federal Division of Cost Allocation.

Corrective Action: Explore and identify alternatives to fulfilling the department's staffing needs, i.e., using the Invitation to Negotiate, Legislative Budget Request, etc.

Agency Contact and Telephone Number

Gary Mahoney, Director, Division of Administration
(850) 245-4149

Estimated Corrective Action Date

June 30, 2005

In conducting our fieldwork related to the selected contracts, we became aware of multiple staffing contracts funded by Federal programs. Expenditures made during the 2003-04 fiscal year related to Federally-funded staffing contracts that came to our attention are shown in the following table:

CFDA	Title	2003-04 Expenditures
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	$ 86,279.00
10.558	Child and Adult Care Food Program	64,776.58
84.173	Special Education – Preschool Grants	15,641.46
84.181	Special Education – Grants for Infants and Families with Disabilities	287,888.01
93.003	Public Health and Social Services Emergency Fund	22,200.74
93.110	Maternal and Child Health Federal Consolidated Programs	71,936.00
93.217	Family Planning – Services	68,770.00
93.235	Abstinence Education	226,303.00
93.283*	Centers for Disease Control and Prevention – Investigations and Technical Assistance	3,803,181.07
93.667	Social Services Block Grant	16,032.90
93.767	State Children's Insurance Program	18,271.85
93.917	HIV Care Formula Grants	478,157.54
93.940	HIV Prevention Activities – Health Department Based	260,028.02
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	211,293.15
93.945	Assistance Programs for Chronic Disease Prevention and Control	142,295.05
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	897.08
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	110,684.85
93.991	Preventive Health and Health Services Block Grant	224,342.37
93.994	Maternal and Child Health Services Block Grant to the States	1,810,631.92
Total		$7,919,610.59

*Includes expenditures of the contracts described in findings FA 04-46 and FA 04-47.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-048**
CFDA Number	93.283
Program Title	**Centers for Disease Control and Prevention – Investigations and Technical Assistance**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**Tallahassee Community College (TCC)**
Federal Grant/Contract Number and Grant Year	U90/CCU 417006 – Public Health Preparedness (FDOH Contract Nos. COB A6 (SNS); COB 02 (PHP))
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $485,315 ($11,248, $13,640, $401,207, $56,420, $2,800)

Finding

Contract administrators did not always follow institution policy or Federal cost principles for contracting and competitive procurement activities related to contracts with the Florida Department of Health (FDOH). Additionally, the institution did not fully demonstrate the appropriateness of costs charged to such contracts.

Criteria

OMB Circular A-21, Section C., Basic considerations, Factors affecting allowability of costs – To be allowable, costs must be reasonable, allocable to sponsored agreements, given consistent treatment, and conform to any limitations or exclusions set forth in OMB Circular A-21.

OMB Circular A-21, Section J. 10., Compensation for personal services and payroll distribution.

OMB Circular A-110, Sections 40 through 48, Procurement Standards.

TCC Policy 6Hx27:09-05 - Purchasing and Bidding Procedures – Purchases of any item exceeding the amount specified in Section 287.017, Florida Statutes, for Category Two ($25,000) must be authorized by the Board of Trustees, except in certain instances. The Board shall request bids or solicit a request for proposal when purchasing services or commodities exceeding the $25,000 threshold.

Condition

We reviewed institution records with regard to two contracts the institution entered into with FDOH. The Economic and Workforce Development (EWD) Department at the institution is the administrative entity for these contracts. As described in the following paragraphs, the institution did not always follow established purchasing procedures. Additionally, the institution did not fully substantiate the appropriateness of charges to the contracts.

Strategic National Stockpile (SNS)

The institution and FDOH signed on October 3, 2003, and October 6, 2003, respectively, the $1,887,900 SNS contract to provide training to FDOH employees throughout the State. Prior to signing the contract with FDOH, on October 3, 2003, the institution entered into a $1,454,700 subcontract with a for-profit corporation (EREC, Inc.) to provide the training. The institution did not acquire these services by competitive procurement and did not obtain Board approval prior to signing the contract with the subcontractor. The institution explained that they determined the services acquired to be exempt from bidding because it purchased training. Although the institution's policy exempts educational services, it is not apparent how this purchase qualifies as educational service to the institution, because the institution purchased a training product for FDOH County Health Department personnel. Additionally, there was no evidence supporting how the subcontractor (EREC, Inc.) was selected. If not competitively bid and lacking evidence to support the selection, good business practices are not evident.

Under the terms of the contract, the institution received 5 percent of the contract amount, or $89,900 for indirect costs. However, the institution directly charged the grant $11,248, for College employees performing travel reimbursement monitoring, phone calls, etc., that appear to be the same tasks that are covered by the indirect cost charges or the salary of the project coordinator, for which the institution is compensated through another contract.

The institution also charged equipment and supplies totaling $13,640 directly to the grant; however, the items are used for numerous other projects and activities at the institution. These costs, which consisted of $13,340 for scheduling software and $300 for a banner, should have been allocated according to use.

The institution issued three purchase orders totaling $6,850 in 2003 to a corporation for which the Director of Corporate Solutions, a department of EWD, is the registered agent and President. The institution's Business Office prepared a check in the amount of $1,450 payable to the corporation upon receipt of an invoice from the corporation, but questioned the propriety of the transaction. Although the check was canceled in June 2003, the purchase orders issued to the corporation remained open until October 1, 2004, subsequent to our inquiry. The Code of Ethics for Public Officers and Employees as described in Section 112.313 (3), Florida Statutes, provides that a public employee, acting in a private capacity shall not sell any services to the employee's own agency. In response to our audit inquiries, the Vice President of EWD indicated that because the check was returned to the institution, no other transactions had occurred between the company and the institution, and it was agreed that the company would not do business with the institution, he did not believe that any additional action would be necessary. We also noted that the Director of Corporate Solutions did not have a dual-employment form required by TCC Policy 6Hx27:0 4-17 on file with the institution to disclose ownership of the for-profit corporation.

The final reconciliation completed by the institution in November 2004 disclosed that the institution realized a total residual amount of $265,994.53 for this contract. It is questionable that the best interest of the Federal grantor agency is served through an agreement between State governmental entities that resulted in a profit. For further information, see related finding No. FA 04-046.

Public Health Preparedness Grant (PHP)

The PHP contract was a three-year agreement that included a cost reimbursement component of $2,115,774, to provide salaries and benefits for seven staff to be housed at FDOH and the project coordinator to be housed at the institution. The contract also included a $647,900 for a training component.

FDOH employees supervised and evaluated the seven staff housed at FDOH offices and took an active role in hiring contracted employees. Our review disclosed that the institution did not document the time and effort of employees in accordance with OMB Circular A-21, Section J. 10. The names of the seven staff housed at FDOH were included on the institution's time-and-effort certifications; however, the institution employee signing the certification did not have direct knowledge of the work performed by the staff. Additionally, we noted that four names were crossed off the list because the persons were no longer employed in the positions; but the employees had apparently worked on the grant until terminating employment. Direct salary and benefit charges for the seven staff totaled $401,207.

The time and effort certification showed that the project coordinator worked 100 percent on the grant although he manages numerous contracts at the institution. All of the project coordinator's salary and benefits ($56,420) for the 2003-04 fiscal year were charged to the PHP grant. Based on our inquiry, the project coordinator estimated his time was spent 75 percent on the PHP grant, 15 percent on the SNS contract and the remaining 10 percent on other contracts. Based on the project

coordinator's assertion of his time and effort, $42,315 should have been charged to the PHP grant, $8,463 to the SNS contract and $5,642 to other contracts. However, as adequate time and effort records as described in OMB Circular A-21, Section J. 10., were not maintained, the entire amount of the project coordinator's salary and benefits are included as questioned costs.

With regard to the training component of the PHP contract, we noted that the institution subcontracted with a corporation to arrange one training session in exchange for $2,800. The corporation also directly contracted with FDOH for technical assistance and consultation in matters relating to biological terrorism. Although FDOH approval was required prior to the use of a subcontractor, documentation of such approval was not on file at the institution or FDOH. This is a violation of the contract section I.1., which provides that the contractor (the institution) will neither assign the responsibility of this contract to another party nor subcontract for any of the work contemplated under this contract without prior written approval of the department (FDOH).

Similarly to the SNS contract, the institution calculated a residual amount of $107,182.52 on the training component of the PHP contract as of November 8, 2004.

Cause

Inadequate contract administration and oversight were contributing factors in the failure to follow institution policies and procedures and Federal administrative requirements and cost principles. In addition, it is not always evident what constitutes educational services when applying the bid exemptions.

Effect

Costs to the Federal government may have been higher because the institution did not use competitive procurement methods when acquiring services from subcontractors. The Federal government may disallow costs.

Recommendation

On January 3, 2005, subsequent to audit inquiry, the institution obtained verification of time and effort of the seven staff housed at FDOH offices from the direct supervisors. The Institution departments should adhere to institution policies and procedures as well as applicable Federal cost principles and contract terms. We recommend that the institution strengthen contract monitoring procedures and provide additional training for departments to assure proper management of Federal grants and understanding of Federal cost principles and the State of Florida, Code of Ethics for Public Officers and Employees.

TCC Response and Corrective Action Plan

Strategic National Stockpile

TCC followed TCC policy and Department of Education rules during the selection phase of the Strategic National Stockpile (SNS) project. Although not required by college policy, staff made the choice to seek Board approval for this project. Board policy and DOE rule 6A-14.0734(2)(f) include professional services as an exemption to the requirement to solicit competitive offers. Professional services, as defined by DOE rule, include, but are not limited to, instructional services, academic program reviews, and lectures by individuals. A professional services contract for educational and consulting services is clearly evident, as the sub contractor provided direct instruction to county health departments and their community partners on the best method to respond to incidents requiring prophylaxis delivery to large populations within an area to suppress a outbreak of a disease or a biological event. Although not documented, EREC was selected based upon the following:

1. Consultants had prior experience writing Florida county emergency plans/procedures.
2. Consultants were well-known and respected throughout Florida as subject matter experts and high-quality instructors.
3. Consultants had extensive, multi-discipline emergency operations experience.

4. TCC had used EREC's services prior to this contract and had found their product to be outstanding and well-received by participants.

$11,248 charge to contract – This was a fixed price contract and this amount did not impact the overall cost of the project. It was an internal transfer of funds from one department to another department to cover the costs associated with providing the service requested.

Purchases used for other projects – An oversight occurred in the first response to the Auditor General inquiry regarding a $300 purchase with SNS funds. This banner was used specifically for SNS meeting purposes and could have no other application as the text bore the project name.

SNS purchase orders and Corporate Solutions – Internal TCC procedures helped prevent purchase orders from being processed, prior to the auditor's arrival and this finding. Dual-employment authorization has subsequently been obtained.

Residual amounts – As the SNS and Public Health Preparedness (PHP) contracts were fixed-price, TCC reserved the right to allocate funds as thought prudent.

Public Health Preparedness Grant

Documentation of time and effort – Upon notification by the auditors that the College had not received verification from the on site supervisors regarding the term of employment for these specific employees, the College contacted the supervisors. The College received verification from each supervisor verifying the length of employment of the employees on the time and attendance form. The College has incorporated a checklist to ensure that this verification occurs on a regular basis.

Corrective Action

The College will expand the contract review process. We will develop a formalized approval process that requires key personnel at the College to acknowledge, understand, and agree to methods used to meet deliverables prior to action. In addition, guidance will be provided on State and Federal requirements applicable to administration of grants and contracts.

TCC Contact and Telephone Number

Jerry Schilling
(850) 201-8590

Estimated Corrective Action Date

June 30, 2005

Auditor's Remarks

The College should ensure its guidance provides for an initial determination and documentation of the nature of the arrangement and identification of the appropriate related procurement and cost principle requirements.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-049**
CFDA Number	10.561, 93.558, 93.566, 93.575, 93.658, 93.659, 93.667, 93.778, 93.958, 93.959
Program Title	**State Administrative Matching Grants for Food Stamp Program, Temporary Assistance for Needy Families (TANF), Refugee and Entrant Assistance – State Administered Programs, Child Care and Development Block Grant, Foster Care—Title IV-E, Adoption Assistance (Title IV-E), Social Services Block Grant, Medical Assistance Program, Block Grants for Community Mental Health Services, Block Grants for Prevention and Treatment of Substance Abuse**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $2,414

Finding

FDCFS procurement practices did not give due consideration to the Florida Legislature's intent regarding fair and open competition thereby resulting in costs that were not necessary and reasonable.

Criteria

45 CFR 92.36 (a) – When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

OMB Circular A-87, Attachment A, Sections C.1.a. – costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; **C.1.c.** – costs must be authorized or not prohibited under State laws or regulations; and **C.2.** – In determining reasonableness of given costs, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining, and Federal and State laws; the market prices for comparable goods or services, significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs.

Section 287.001, Florida Statutes - The Legislature recognizes that fair and open competition is a basic tenet of public procurement; that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically; and that documentation of the acts taken and effective monitoring mechanisms are important means of curbing any improprieties and establishing public confidence in the process by which commodities and contractual services are procured.

Condition

Utilizing the exemption provided in Section 287.057(5) (f) 13. Florida Statutes, which indicates that services or commodities provided by governmental agencies are not subject to competitive solicitation, FDCFS awarded a contract totaling $47,250 to Florida State University (FSU) for consulting services. FSU in effect "subcontracted" the services by hiring the president of a consulting company as an Other Personal Services (OPS) employee to perform the contract tasks. FDCFS management had direct communications with both FSU staff and the consultant with regard to establishing this relationship for consulting services. FSU expended $44,836 for the OPS employee's salary and benefits for the period 10/10/03 through 12/04/03. Consequently, FDCFS incurred costs of $2,414 that would not have been necessary had FDCFS directly hired or subcontracted with the consultant. Additionally, while Section 287.057(5) (f) 13., Florida Statutes, exempts services provided by governmental agencies from competitive solicitation; the exemption does not appear to allow State agencies to utilize other

governmental agencies to acquire services on its behalf from private organizations.

Cause

Inadequate procedures regarding the method of procurement, and misapplication of statutory exemptions were contributing factors in the above-noted instances.

Effect

FDCFS incurred costs which would not have been incurred had FDCFS directly hired or contracted with a consultant. Absent competition there is little confidence that the contract was awarded equitably and economically and without improprieties.

Recommendation

We recommend that FDCFS enhance its policies and procedures as necessary to ensure that it abides by Section 287.001, Florida Statutes, with regard to fair and open competition. If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contract, we recommend that FDCFS restore to the grants the Federal portion of costs that would not have been incurred had FDCFS contracted directly with the vendor ($1,218).

State Agency Response and Corrective Action Plan

CW/CBC program office response: The department concurs with the recommendation. The CW/CBC program office offers the following as actions which have been taken in response to this finding:

A letter was composed by the District Manager for Support Services in District 4, seeking identified unallowable federal share of costs. (Allocated method of funding the service contract created minimal federal financial participation in the indirect 5% charges). DE135 was identified as the contract number.

A letter was developed and mailed to FSU on March 3, 2005, indicating the audit findings and requesting repayment. Repayment of the federal portion of costs, when received, will be restored to the grants.

All parties have been advised to seek recoupment of unallowable costs via letter.

SA/MH program office response: The department concurs with the recommendation. To correct this problem, the Substance Abuse Program will complete a Cost or Price Analysis to determine the validity of contracting with an external source. The cost analysis will be used to review the potential provider's cost elements to determine their appropriateness and reasonableness to providing the services needed. The price analysis will be used to examine and evaluate a prospective price without evaluation of the separate cost elements and proposed profit of the potential provider.

The Substance Abuse Program will develop a Substance Abuse and Mental Health Program Directive (SAMHPD) to address these specific contracting activities. The policy directive will be placed on the Substance Abuse and Mental Health Contract Management Web-site.

Agency Contact and Telephone Number

CW/CBC: Roy Hutcheson, (850) 488-7184

SA/MH: John Bryant, Chief of Operations, Substance Abuse, (850) 413-6779

Estimated Corrective Action Date

May 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number **FA 04-050**

CFDA Number 93.558 and 84.213

Program Title **Temporary Assistance for Needy Families (TANF)**
Even Start State Educational Agencies (Even Start)
(U.S. Department of Education)

Compliance Requirement Allowable Costs/Cost Principles

State Agency **Florida Partnership for School Readiness (FPSR)**
*[(Effective January 2, 2005, pursuant to Chapter 2004-484, Laws of Florida, the FPSR was abolished and all powers, rules, personnel, and property were transferred to the **Florida Agency for Workforce Innovation (FAWI)**.]*

Federal Grant/Contract Number and Grant Year Various

Finding Type Reportable Condition
Questioned Costs – Unknown

Finding FPSR entered into interagency contracts with State universities that provided for the payment of costs that are unallowed, may not be reasonable and necessary, and are in excess of amounts allowed by State law.

Criteria OMB Circular A-87, Attachment A, Sections C.1.a. – costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; and C.1.c. – costs must be authorized or not prohibited under State laws or regulations; OMB Circular A-21, Section C.3. – a cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made

Sections 112.061 and 216.346, Florida Statutes; Florida Department of Financial Services' *Reference Guide for State Expenditures*

Condition Our review of two FPSR contracts with the University of North Florida (UNF) (totaling $1.283 million) and one FPSR contract with the University of South Florida (USF) (totaling $900,000) disclosed that:

- The three contracts included budgeted amounts for indirect costs that may not be reasonable and necessary. FPSR did not document whether the cost principles contained in either OMB Circular A-21 or A-87 were used as a basis for determining contract prices, including indirect cost allowances. As shown below, indirect costs totaling $105,476 were included in the three contracts' budgets:

Institution/Contract No.	Contract Amount	Direct Salary and Wage Costs	Indirect Costs
UNF-SG011 Even Start	$ 640,000	$ 93,965	$ 32,000
UNF-40284 Even Start	643,000	97,456	30,619
USF-SR934 TANF	900,000	146,103	42,857
Totals $2,183,000		$337,524	$105,476

Under the terms of the UNF contracts (UNF-SG011 and UNF-40284 Even Start), the services of two specified contracted employees were acquired. One of these two contracted employees was provided office space at FPSR headquarters and the other worked from her home. In addition, to the contract payments to UNF, FPSR paid approximately $20,000 directly to vendors for charges incurred by these two contracted employees using their FAWI-issued purchasing cards. These charges included items such as postage,

copying/printing, travel (lodging, airline, and rental car), materials/supplies, training space rental, and registration fees. These charges were not recorded as expenditures under the UNF contracts. The reasonableness and necessity of the contract indirect costs are further questioned by the payment of these charges.

In addition, the budgeted indirect costs amount for one of the contracts (UNF-SG011 Even Start), exceeded the amount allowed by State law (5 percent of the amount of contract direct costs) by $1,600.

- One contract (USF–SR934 TANF) included amounts budgeted for meals, food, and refreshments totaling $11,154 that do not appear to be allowable costs. In response to audit inquiries, FPSR staff stated that it was USF staff's responsibility to ensure that costs were allowable; however, USF staff stated, "These items are detailed on the budget pages that are included with the contract, and as such, are considered approved by the sponsoring agency. It is our expectation that the agency officials would have requested that USF remove those items from the budget prior to issuing the contract, or redlined them in the final budget if they did not approve of them."
- Two contracts (UNF-SG011 and UNF-40284 Even Start) included budgeted costs identified as "Meeting Expenses (including food and meals as allowed by U.S. Dept of Ed.)." The amount budgeted in each contract for meeting costs was $12,000. However, it does not appear that food costs associated with a meeting would be an allowable cost under State law and Federal cost principles.

During the 2003-04 State fiscal year, expenditures for the three contracts totaled $766,131.

Cause

FPSR procedures were not adequate to ensure that only allowable costs that are reasonable and necessary were included in contracts involving Federal funds.

Effect

Unallowed or excess costs paid by FPSR using Even Start and TANF Program funds may be disallowed by the Federal Government.

Recommendation

We recommend that FAWI limit costs in interagency contracts to the amounts allowed by State law and Federal cost principles. We also recommend that FAWI identify any amounts that have been paid in excess of the amounts allowed by State law and Federal cost principles and restore those amounts to the appropriate Federal program.

State Agency Response and Corrective Action Plan

FAWI Office of Early Learning on Behalf of the Former FPSR

The three contracts with UNF and USF represent contracts to implement the Home Instruction Program for Preschool Youngsters (HIPPY), mandated by the Florida Legislature, and Even Start, a federal program.

FAWI agrees that state agencies have the obligation to restrict administrative costs to reasonable amounts, and we believe that was done in this situation. We acknowledge that a calculation error occurred on the UNF-SG011 contract budget document totaling $1,600. FAWI will review the contracts in question and limit actual indirect costs to amounts specified in state law.

Regarding the issue of additional Even Start program costs totaling $20,000 that were expended outside the contract USF-SG011, these costs should not impact the budgeted indirect costs of the contract and were reasonable and necessary under the program.

Regarding the issue of meal costs, contract USF-SR934 was amended December 5, 2003, transferring $10,867 of budget for meals to technical support. The actual meal expenditure for the contract was $520.85. The meal cost was incurred during meetings in which technical information was disseminated—which is an

allowable expenditure under both A-87 and A-21 cost principles, but not under Section 112.061, Florida Statutes if consumed by state employees. FAWI will reimburse the appropriate federal grants.

The University of North Florida received approval from the State Comptroller's Office for the related meal expenditures for the statewide Even Start program, contracts SG011 and 40284 referenced in the findings. Again, according to OMB Circular A-87 and A-21, meal expenditures are an allowable cost at meetings in which technical information is disseminated. These meals were provided to program participants and these individuals were not state employees. The Statewide Even Start Conference promoted services and programs in parenting education and early childhood education, which included imparting technical information.

The Office of Early Learning will review these contracts and make appropriate changes during the renegotiation phase for the 2005-06 fiscal years.

Agency Contact and Telephone Number

Stephanie L. Gehres
(850) 921-3180

Estimated Corrective Action Date

September 30, 2005

Auditor's Remarks

In the Agency response, FAWI indicated that it believes that administrative costs were restricted to reasonable amounts and that actual indirect costs will be limited to amounts specified in State law. However, FAWI should consider the particular characteristics of the contractual relationship and the degree of support services provided by both UNF and FAWI. Given these considerations, a more restrictive indirect cost limit may be more reasonable.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-051**
CFDA Number	93.558
Program Title	**Temporary Assistance for Needy Families (TANF)**
Compliance Requirement	Reporting
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition
Finding	The number of households for which subsidized child care was provided was not correctly reported in the Separate State Program – Maintenance of Effort (SSP-MOE) Data Report.
Criteria	45 CFR 265.3(b) and (d) – Quarterly Reports
Condition	We reviewed the SSP-MOE Data Report transmitted to the U. S. Department of Health and Human Services (USDHHS) for the quarter ended March 31, 2004. We tested the data for 15 reported cases. Our tests disclosed 6 instances in which households were incorrectly reported as receiving subsidized child care.
Cause	When preparing the SSP-MOE report the FDCFS matches the social security number for all children in a household receiving TANF cash assistance to the data base of clients receiving subsidized child care. A household is considered to be receiving subsidized child care if the subsidized child care database includes a dollar amount for a child with a matching social security number. FDCFS indicated that the above six instances occurred because there was a record in the database where the child's social security number was "000 000000". FDCFS indicated that consequently, any household with a child with a "0 00000000" was posted as having received subsidized child care. FDCFS stated that the programming had been corrected to prevent this problem from occurring again.
Effect	USDHHS did not receive accurate data to use in monitoring and compiling statistics for the TANF Program.
Recommendation	We recommend that the FDCFS continue efforts to ensure the accuracy of the information reported in the SSP-MOE Data Report by ensuring that social security numbers are accurately matched when determining whether a child received subsidized child care.
State Agency Response and Corrective Action Plan	Programming has been corrected to prevent this problem. Subsidized child care records having invalid social security numbers are deleted from the file before matching with the children receiving TANF/SSP-MOE.
Agency Contact and Telephone Number	Pat W. Brown (850) 922-8959
Estimated Corrective Action Date	Completed. Programming was completed effective with the October 1, 2004 quarterly report.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-052**
CFDA Number	93.563
Program Title	**Child Support Enforcement (CSE)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Revenue (FDOR)**
Federal Grant/Contract Number and Grant Year	0304FL4004 2002-03 and 0404FL4004 2003-04
Finding Type	Reportable Condition – Federal Audit Disclosure Questioned Costs – Per USDHHS $75,300,000 with Potential Disallowance of $49,700,000
Finding	An audit conducted by the United States Department of Health and Human Services, Administration for Children and Families (ACF), Regional Office, identified approximately $75.3 million in questioned costs billed to FDOR by local Clerks of the Circuit Courts. The costs are being questioned because of inadequate documentation to demonstrate that costs were properly allocated.
Criteria	To ensure that disbursements of Federal funds to subrecipients and vendors comply with applicable laws, rules, and regulations, documentation must be maintained to demonstrate such compliance.
Condition	The ACF conducted an audit of selected costs claimed and reported by FDOR from July 1, 1998, through June 30, 2002. The specific items of cost that were reviewed were those which were claimed by the State Disbursement Unit and by FDOR through Cooperative Agreements with the Clerks of the Circuit Courts. The audit resulted in approximately $75.3 million in questioned costs that were billed to FDOR by local Clerks of the Circuit Court during the ACF's audit period. The report found that there was inadequate documentation to demonstrate that the questioned costs were properly allocated to the CSE program in accordance with Federal cost principles. The ACF has required the FDOR to develop a substitute methodology for allocating allowable costs that is acceptable to the ACF. For the ACF's audit period, the questioned costs could result in a potential disallowance of up to $49.7 million, the total CSE matching funds paid from July 1, 1998, through June 30, 2002. FDOR has agreed with the ACF on the appropriate substitute methodology for documenting costs and the FDOR is developing procedures to implement the agreed upon technology.
Effect	Failure to properly document compliance with Federal cost principles may result in FDOR repayment of disallowed costs.
Recommendation	We recommend that FDOR fully cooperate with the USDHHS, ACF, until this issue is resolved to the satisfaction of all parties and to keep us informed of any changes in the status of the ACF audit finding.
State Agency Response and Corrective Action Plan	The Department agrees with the recommendation. Staff are coordinating with the Administration for Children and Families staff and the Clerks of Circuit Court to resolve this finding. The Department will cooperate fully with the USDHHS, ACF to resolve this finding and will keep the Auditor General informed of any changes in the status of the finding as they occur.
Agency Contact and Telephone Number	Mel Hedick (850) 413-0605
Estimated Corrective Action Date	July 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-053**
CFDA Number	93.563
Program Title	**Child Support Enforcement (CSE)**
Compliance Requirement	Reporting
State Agency	**Florida Department of Revenue (FDOR)**
Federal Grant/Contract Number and Grant Year	0304FL4004 2002-03 and 0404FL4004 2003-04
Finding Type	Reportable Condition

Finding

As noted in audit report No. 2004-168, finding number FA 03-56, FDOR procedures were not adequate to ensure the completeness and accuracy of information reported in the Quarterly Reports of Collections (OCSE-34A).

Criteria

To ensure the reliability of records and reports, internal control policies and procedures should provide for the reconciliation of related information maintained on multiple records or record systems. In situations in which a contractor is used to process transactions and maintain records, verification of the contractor's operations and record keeping should be performed on at least an annual basis by persons independent of the contractor.

Condition

FDOR coordinates the administration of the CSE Program with various entities including the Florida Association of Court Clerks (FACC), a State Disbursement Unit (SDU) and the Florida Department of Children and Family Services (FDCFS). As required by State law, FDOR and FACC entered into a contract under which FACC agreed to operate Florida's SDU. FACC engaged a contractor to design an SDU system and operate the SDU. The SDU is the primary collection point for child support payments and is also responsible for the disbursement of moneys as authorized through the FDCFS Florida On-line Recipient Integrated Data Access (FLORIDA) System. Utilizing data from the FDCFS Florida System, FDOR reported collections totaling approximately $2.2 billion on the Quarterly Reports of Collections (OCSE-34A) submitted for the 2003-04 fiscal year.

Although an independent review of the SDU contractor had been performed and related FDOR monitoring and follow-up processes were in progress, a reconciliation of all receipts and disbursements reported by the SDU contractor with related data in the FLORIDA system has not been completed. With respect to the independent review, FDOR has received a draft report from the Florida Department of Financial Services, which performed the independent review of SDU operations. FDOR's Inspector General and the Child Support Enforcement Program Office are currently reviewing the findings and recommendations of that report. FDOR also made an on-site visit to the SDU during the weeks of October 18, 2004, and October 25, 2004. Correspondence dated January 18, 2005, from FDOR personnel indicated that the FDOR plans by January 31, 2005, to discuss with the FACC issues raised by the independent review and the FDOR on-site monitoring visit. The FDOR indicated that its findings will be included in a monitoring report.

Cause

FDOR staff indicated that the agency does not have the resources (staff and computer systems) to reconcile related information maintained on multiple records or systems.

Effect

Absent the reconciliation of the data among all systems, and the completion of a quality assurance review of SDU operations, FDOR has a limited basis for reasonably ensuring the accuracy and completeness of the OCSE-34A reports.

Recommendation

We recommend that FDOR reconcile all data maintained on multiple systems. Such reconciliations should provide sufficient detail and documentation to allow adjustments for Federal reports or accounting records as needed. We also recommend that FDOR timely monitor any corrective actions required of the SDU as a result of its monitoring report.

State Agency Response and Corrective Action Plan

As recently discussed with staff from the Office of the Auditor General, and considering the short comings that currently exist among the multiple systems involved in the current SDU arrangement, it is not likely that data on those systems can be reconciled prior to an anticipated change in SDU vendors in September 2006. While at this time, the Department does not know what the SDU arrangement will be after the current contract expires on August 31, 2006, it is anticipated that the new arrangement will have fewer systems, which will facilitate data reconciliation and quality assurance of SDU operations. However, given existing constraints on the FLORIDA system, along with the Department's ongoing development of its CAMS system, it is possible that all data reconciliation deficiencies will not be corrected until after implementation of the financial module of CAMS in 2009.

Representatives from the Department's Office of Inspector General and the Child Support Enforcement Program conducted an on-site visit to the SDU during the weeks of 10/18/04 and 10/25/04. During that visit, the Department reviewed documentation, interviewed FACC and SDU staff, and observed operations related to each of the 16 findings and recommendations contained in the unpublished draft audit report. A written report of the results of this visit is currently under development. The Department expects to hold an exit conference with the SDU in February 2005 to review the results of that visit and to recommend appropriate action.

Follow-up action will be determined after review of the findings and recommendations with the FACC and SDU management. A monitoring plan and schedule will be developed and implemented after that review which will address corrective actions on the deficiencies noted, as well as routine monitoring of SDU operations.

Agency Contact and Telephone Number

Buster Pfaender
(850) 922-6350

Estimated Corrective Action Date

To Be Determined

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-054**
CFDA Number	93.563
Program Title	**Child Support Enforcement (CSE)**
Compliance Requirement	Special Tests and Provisions – Provision of Child Support Services for Interstate Cases
State Agency	**Florida Department of Revenue (FDOR)**
Federal Grant/Contract Number and Grant Year	0304FL4004 2002-03 and 0404FL4004 2003-04
Finding Type	Material Noncompliance
Finding	The FDOR did not always provide child support services for interstate cases within required time frames.
Criteria	45 CFR 303.7(a) and (b), and 45 CFR 308.2(g), Interstate Cases.
Condition	When custodial and noncustodial parents live in different states, FDOR works with child support enforcement offices in other states to establish and enforce support orders. Our tests disclosed that for 7 of 10 interstate responding cases reviewed, FDOR did not take timely actions in servicing responding interstate cases. The number of working days late ranged from 5 days to 74 days. Our review also disclosed that for 1 of 10 interstate initiating cases tested, FDOR was 25 days late in taking timely actions.
Cause	A backlog affected FDOR's ability to timely process interstate cases.
Effect	Failure to provide information to other states or failure to initiate cases in a timely manner may delay the processing of child support enforcement orders and may further delay child support enforcement payments to custodial parents.
Recommendation	We recommend that FDOR enhance its efforts to follow requirements established by Federal Regulations to ensure interstate cases are processed in a timely basis.
State Agency Response and Corrective Action Plan	An increase in number of cases, staff vacancies, and changes in interstate responding case processing procedures that required staff training caused a backlog during the audit period. Current staff have become proficient in the new case processing, vacancies have been filled, an additional 2 positions have been added, and the database for compliance tracking is being revised.
Agency Contact and Telephone Number	Nancy Luja (850) 922-9589
Estimated Corrective Action Date	March 17, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-055**
CFDA Number	93.566
Program Title	**Refugee and Entrant Assistance – State Administered Programs (REAP)**
Compliance Requirement	Eligibility
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	G-03AAFL4100 and G-04AAFL4100
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $1,204.73

Finding

FDCFS provided REAP benefits on behalf of ineligible individuals.

Criteria

45 CFR 400.43, 400.53, 400.100(b), 400.203(a), 400.204(a), 400.211, 400.220, ORR State Letter 00-12, and Grant Terms and Conditions.

Condition

We reviewed 40 case files of individuals receiving Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) to determine whether clients met the categorical and financial status of the Program. Our review disclosed two instances where benefits were paid on behalf of individuals during periods of ineligibility and one instance where benefits were paid on behalf of an individual for which FDCFS could not provide the required documentation. Specifically, we noted the following:

- For one instance, a case record was not maintained to document the client's eligibility for benefits. RMA benefits totaling $678.23 were paid on behalf of this client.
- In two instances, benefits were paid beyond the eight month eligibility period. RMA benefits were paid for three months and one month of ineligibility totaling $375.33 and $151.17, respectively.

Similar findings were noted in previous audit reports most recently in audit report No. 2004-168, finding No. FA 03-57.

Cause

The FDCFS failed to comply with established procedures to prevent amounts from being paid on behalf of ineligible individuals from RMA. For one instance, FDCFS indicated that benefits were paid beyond the eight month eligibility period because the worker assumed the client's date of entry was the same as the other household member, rather than reviewing the actual documented information provided. In the other instance, a system delay involving the Florida Medicaid Management Information System (FFMIS) resulted in a one-month error.

Effect

REAP benefits were used to provide RMA on behalf of individuals who were ineligible or whose eligibility period had expired.

Recommendation

We recommend that the FDCFS strengthen its efforts to ensure that RMA benefits are provided only to eligible individuals who meet proper refugee status and ensure benefits are provided only for the time period allowed by controlling Federal regulations.

State Agency Response and Corrective Action Plan

The department is committed to complying with the procedures established by federal regulations that govern the Refugee Medical Assistance (RMA) program. The department will endeavor to ensure that only eligible individuals with a valid refugee status are provided benefits under the RMA program. Further, the department will strive to make certain that benefits are made available only within the period of time established by controlling federal guidelines.

The department will continue to use methods currently in place to ensure program compliance. These methods include distribution of monthly reports that list cases

	that have either reached or exceeded the allowable time period, case record reviews, pre-service and in-service training, and automatic closure by the FLORIDA system of cases that have reached the end of their eligibility period.
Agency Contact and Telephone Number	Nathan Lewis (850) 414-5927
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-056**
CFDA Number	93.566
Program Title	**Refugee and Entrant Assistance – State Administered Programs (REAP)**
Compliance Requirement	Reporting
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	G03AAFL4100 and G04AAFL4100
Finding Type	Reportable Condition

Finding

The ORR-6 Quarterly Performance Report for the quarter ended March 31, 2004, contained inaccuracies and was not always supported by detail records at the Program Office.

Criteria

45 CFR 400.28(b) and OMB Control No. 0970-0036

Condition

States are required to submit information concerning services contracted for on the ORR-6 Quarterly Performance Report. We tested the ORR-6 Quarterly Performance Report for the quarter ended March 31, 2004. The report included Schedule A - Program Narrative, Schedule B - Refugee Cash and Medical Assistance and Schedule C – Services Report. Schedule C reported information pertaining to Employment Services and Other Services for both Targeted Assistance and Social Services grants related to 9 Employment Service contracts and 25 Other Services contracts. Our review disclosed inaccuracies or unsupported data for 1 of 9 Schedule B data entries and 111 of 237 Schedule C data entries on the report. Specifically, we noted the following:

- For Schedule B, we noted that the number of preventive health screenings was understated on the report by 260 persons screened or 7.47 percent.
- For Schedule C Employment Services for Targeted Assistance and Social Services, we noted errors for 48 of 120 data entries related to 9 employment contracts.
- For Schedule C Other Services for Target Assistance and Social Services, we noted errors or unsupported data for 63 of 117 data entries related to 9 employment contracts, 5 legal services contracts and 7 adult vocational education contracts. For 24 of the 63 data entries historical records were not available to support the data reported for Adult Vocational Education involving 7 adult vocational education contracts. In another 6 of the 63 instances, FDCFS reported zeros because they did not know the correct numbers to report for On the Job Training Completions.

Similar findings were noted in audit report No. 2004-168, finding No. FA 03-58.

Cause

The Refugee Assistance Program Office did not have adequate procedures in place to ensure that accurate, verifiable, information is reported to the Office of Refugee Resettlement concerning contracted services.

Effect

The failure to provide an accurate, verifiable report to the US DHHS limits the ability of the USDHHS to properly administer the program as well as provide accurate refugee population and contractual services data to other parties

Recommendation

We recommend that the FDCFS enhance procedures to ensure that the reports filed with the USDHHS include accurate, verifiable information and maintain records to support the reports filed.

State Agency Response and Corrective Action Plan	The department has determined that errors were due to manual entries of data. The program has already implemented enhanced review processes by increasing the number of staff assigned to internal review. The department maintains a goal of automating ORR-6 report generation to reduce future human errors. In addition, the department will ensure that data queries are maintained to provide backup for reported data.
Agency Contact and Telephone Number	Sarah Close (850) 413-8223
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-057**
CFDA Number	93.575, 93.596, and 93.558
Program Title	**Child Care Cluster (CC) and Temporary Assistance for Needy Families (TANF)**
Compliance Requirement	Activities Allowed or Unallowed and Eligibility
State Agency	**Florida Partnership for School Readiness (FPSR)** **Florida Department of Children and Family Services (FDCFS)** *[(Effective January 2, 2005, pursuant to Chapter 2004-484, Laws of Florida, the FPSR was abolished and all powers, rules, personnel, and property were transferred to the **Florida Agency for Workforce Innovation (FAWI)**.]*
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - CC: $6,993.65 ($6,039.09 Federal and $954.56 State MOE/Matching) TANF: $956.51 ($230.17 Federal and $726.34 State MOE)
Finding	FPSR was unable to provide documentation evidencing that subsidized child care services were only paid for eligible children.
Criteria	45 CFR 98.20, A child's eligibility for child care services
Condition	We reviewed 40 case files of clients receiving child care services to determine whether required eligibility determinations were made. Our review disclosed three instances in which payments for subsidized child care services were made during periods when required eligibility determinations had not been documented. • For one instance, documentation supporting the child's age was not provided. Payments for subsidized child care services provided during the 2003-04 fiscal year for this child totaled $2,294.33 ($1,337.82 from CC and $956.51 from TANF). • For two instances, documentation was not sufficient to support an eligibility determination. Payments from CC for subsidized child care services provided during the 2003-04 fiscal year for the children in these instances totaled $5,655.83. Similar eligibility findings were noted in previous audit reports, most recently in audit report No. 2004-168, finding No. FA 03-60.
Cause	Documentation of eligibility was not always maintained.
Effect	Funds were used to pay for child care services for children whose eligibility for services was not appropriately determined and documented.
Recommendation	To the extent CC and TANF funds were incorrectly used in the above-noted instances, we recommend that FAWI ensure that the applicable programs are reimbursed from a more appropriate funding source. FAWI should provide appropriate guidance to providers and work with FDCFS to ensure that required documentation is correctly completed and maintained and that Program eligibility is appropriately verified and documented.
State Agency Response and Corrective Action Plan	**FAWI Office of Early Learning on Behalf of the Former FPSR:** The FAWI Office of Early Learning (OEL) concurs with the Auditor General's recommendation and is taking the appropriate action to prevent further instances of inadequate documentation. The FPSR issued guidance and the newly created OEL will continue to provide instruction to coalitions regarding proper practices and procedures. In December 2004, the FPSR issued a program instruction regarding the requirements for documentation of age in effort to prevent further instances where school readiness programs are provided for ineligible children and to ensure proper documentation is recorded. The FPSR had been working

diligently to provide guidance and to monitor the Coalitions for compliance with federal and state laws, and the OEL will continue this effort. Over the last year alone, there has been a dramatic decrease in eligibility findings identified in the Federal Audit.

The Office of Early Learning will review each of the three instances identified in this audit, and depending on circumstances, will compel compliance by:

1) Requiring repayment by the coalition;

2) Requesting reclassification of the costs if appropriate; or

3) Requesting repayment of costs from the Department of Children and Families.

Florida Department of Children and Family Services:

The Department of Children and Family Services will also help prevent future problems through technical assistance and training. The Department will coordinate statewide training on eligibility and documentation for the Community-Based Care Agencies. Additionally, the Office of Family Safety will distribute an operating policy addressing record keeping roles and responsibilities.

Agency Contact and Telephone Number

FAWI Office of Early Learning:

Stephanie L. Gehres, (850) 922-3180

Florida Department of Children and Family Services:

Debby Russo, (850) 488-4900

Estimated Corrective Action Date

September 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-058**
CFDA Number	93.575, 93.596, and 93.558
Program Title	**Child Care Cluster (CC) and Temporary Assistance for Needy Families (TANF)**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Partnership for School Readiness (FPSR)** *[(Effective January 2, 2005, pursuant to Chapter 2004-484, Laws of Florida, the FPSR was abolished and all powers, rules, personnel, and property were transferred to the **Florida Agency for Workforce Innovation (FAWI)**.]*
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition

Finding

FPSR did not ensure that the State's School Readiness Coalitions responded to monitoring reports and resolved questioned costs in a timely manner. In addition, FPSR was unable to provide documentation evidencing that the Coalitions had been notified that all findings had been satisfactorily resolved.

Criteria

OMB Circular A-133. §__.400(d), *Pass-through entity responsibilities*

Condition

Pass-through entity responsibilities include monitoring the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. During the period under audit, FPSR staff performed fiscal and program compliance on-site reviews at the School Readiness Coalitions. At the conclusion of the on-site reviews FPSR issues a Monitoring Report. If the Monitoring Report included any findings, including questioned costs or a reasneeding assistance, the Coalition was required, within 30 days of receipt, to provide a response to resolve the issues. FPSR was then to respond (by issuing an acceptance or acknowledgement letter) to the Coalition either accepting or rejecting the action outlined in the Coalition's response.

Our review of 13 of the 56 monitoring reports issued by FPSR disclosed that:

- For two instances, FPSR did not follow up on the non-receipt of the Coalitions' responses in a timely manner. In one instance involving questioned costs, FPSR did not send the follow-up letter until November 15, 2004, or 185 days after the date of the Coalition's response. In the other instance, the follow-up letter was not sent until November 17, 2004, or 195 days after the date of the Coalition's response.
- For one instance, FPSR could not evidence that questioned costs totaling $774.47 had been adequately resolved. In response to audit inquiry, FPSR provided the Coalition's response as evidence that corrective action had been taken and on December 14, 2004, or 204 days after the date of the Coalition's response issued an acceptance letter. However, no documentation was provided to indicate that FPSR had verified the corrective action.
- For three additional instances, FPSR did not timely issue acceptance letters. Subsequent to audit inquiry, FPSR issued three acceptance letters dated from 202 to 260 days after the date of the Coalitions' responses.

Similar findings were noted in audit report No. 2004-168, finding No. FA 03-65.

Cause

FPSR did not have an adequate tracking or monitoring system to ensure that Coalition responses were timely received or that FPSR responses were timely issued. In addition, FPSR did not maintain documentation evidencing that

questioned costs had been recouped.

Effect

Delays in the receipt of coalition responses and issuance of management acceptance letters, increases the risk of unallowable expenditures or continued noncompliance with program requirements.

Recommendation

We recommend that FAWI enhance monitoring and tracking procedures to address timely resolution of monitoring reports and questioned costs. The enhanced procedures should ensure that reminder notices are sent to the Coalitions prior to response due dates. We also recommend that FAWI acknowledge the resolution of the findings in a timely manner and that FAWI maintain adequate documentation to support the resolution of questioned costs.

State Agency Response and Corrective Action Plan

FAWI Office of Early Learning on Behalf of the former FPSR

We concur that official acceptance of correction action letters were mailed late due to staff and function changes, but this oversight did not increase the risk of unallowable expenditures or continued non compliance. We concur with the recommendations and have taken action to strengthen the monitoring and tracking procedures for 2004-05. Included in these new procedures is receipt and retention of documentation supporting resolution efforts from coalitions. A notice of monitoring resolution will be mailed to coalitions upon satisfactory resolution of all monitoring issues.

For one cited instance of late follow-up involving questioned costs, the FPSR took timely action in June 2004 by discontinuing grant funding with the coalition. The follow-up letter cited was one last attempt to collect on prior questioned costs. The November 15, 2004 letter was returned undeliverable and collection is doubtful.

For the instance of questioned costs totaling $774.47, additional documentation has been provided indicating that the Coalition corrected this in May 2004 by moving the unallowable costs to a different cost pool that was not charged to School Readiness.

Agency Contact and Telephone Number

Kathy A. Carter
(850) 921-3167

Estimated Corrective Action Date

Completed

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-059**
CFDA Number	93.599 and 93.674
Program Title	**Chafee Education and Training Vouchers Program** **Chafee Foster Care Independent Living**
Compliance Requirement	Activities Allowed/Unallowed and Eligibility
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	G-0301FLCETV 2002– 04 and G-0301FL1420 2002-04
Finding Type	Material Noncompliance Questioned Costs – $13,920 (CFDA 93.599); $186,164 (CFDA 93.674)

Finding

We noted questioned costs in regard to findings presented in audit report No. 2005-119, entitled, *Department of Children and Family Services Independent Living Transition Services Program*. As disclosed in that report, FDCFS did not always document compliance with eligibility requirements for young adults formerly in foster care receiving payments for aftercare and transitional support services, scholarships, and education and training vouchers. Our review of 60 case files for clients who received payments during the 2003-04 fiscal year identified $200,084 in payments where initial or ongoing eligibility was not appropriately documented.

State Agency Response and Corrective Action Plan

In response to the findings by the Auditor General regarding the Independent Living Program eligibility and financial issues, the Child Welfare and Community-Based Care Program Office issues the following response.

A review team, made up of program specialists and quality assurance staff, was commissioned to conduct an eligibility and financial review in District 11 (Miami-Dade). From February 14-18, 2005 the team reviewed 227 of 568 total cases. Many of the same issues regarding lack of appropriate documentation, verification of eligibility requirements and eligibility reviews were present. The CW/CBC Central Program Office is processing the following interventions:

Based on preliminary findings, District 11 was instructed to use forms developed by the review team to review the remaining files and ensure that necessary documentation is contained in the record. All cases not reviewed for ongoing eligibility will need to be reviewed.

A Cure Plan has been developed and was sent to District 11 on March 5, 2005. The Cure Plan includes required actions that must be taken by the district and requires a Corrective Action Plan be developed and submitted by March 22, 2005. They will have 60 days to complete the Corrective Action Plan.

Review team members will be re-deployed to District 11, during and/or after the 60-day period to review a sample of cases in order to ensure ongoing compliance.

The CW/CBC Central Program Office will evaluate the effectiveness of the review team for replication of this process in other areas of the state if needed.

The CW/CBC Central Program Office will develop an "Eligibility Tip Sheet" for Chafee/ETV services that will provide guidance throughout the state regarding acceptable documentation, eligibility reviews and stress the importance of developing community resources.

Training and technical assistance will continue throughout the state. CW/CBC Central Program Office will:

Conduct quarterly leadership meetings for statewide Independent Living staff which will consist of training, guest speakers, networking and technical guidance.

Conduct monthly conference calls to stress important issues, answer questions of group concern and present new information from the state level.

Be available to provide staff training as requested or when a need is identified in a certain area of the state.

Be available by telephone to provide technical assistance regarding specific issues/questions.

A Budget Specialist was recently hired by the CW/CBC Central Program Office specifically to handle Independent Living/Chafee/ETV financial issues. This specialist will also be involved in:

Continuing as part of the review team for follow-up monitoring in District 11 and possible replication for other areas of the state, if needed.

Attending quarterly meetings and monthly conference calls to provide training/technical assistance.

Monitoring and analyzing newly created Independent Living Spending Plans that are to be submitted by Independent Living Programs statewide each month.

Monitoring payments entered into the department's financial accounting system to ensure that these payments are accurate and allowed. Any needed corrections will require immediate attention.

Reconciling payments made in the department's financial accounting system with expenditures in the state financial accounting system.

Ensuring that all state and federal funding appropriated to the department is expended without falling into deficit.

Agency Contact and Telephone Number

Joel E. Atkinson
(850) 921-4118

Estimated Corrective Action Date

June 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-060**
CFDA Number	93.658, 93.558, and 93.959
Program Title	**Foster Care—Title IV-E, Temporary Assistance For Needy Families (TANF), Block Grants for Prevention and Treatment of Substance Abuse**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	0301FL1401, 0401FL1401, G-0301FLTANF, G-0401FLTANF, 03B1FLSAPT-01, and 04B1FLSAPT-01
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $250,169

Finding

FDCFS contracted with a State university and a community college to provide staffing rather than using authorized positions or outsourcing services. FDCFS did not use competitive procurement methods when establishing the contractual arrangements. The basis for costs incurred by FDCFS related to contracts were not always documented and in some instances were not necessary and reasonable.

Criteria

45 CFR 92.36 (a) – When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

Sections 216.262(1), Florida Statutes – The total number of authorized positions may not exceed the total provided in the appropriations acts.

OMB Circular A-87, Attachment A, Section **C.1.a.** – Costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; **C.1.c.** – costs must be authorized or not prohibited under State laws or regulations; **C.2.** – In determining reasonableness of given costs, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining; Federal and State laws; the market prices for comparable goods or services; and significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs; and **G. *Interagency Services*** – A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service.

Condition

We reviewed two contracts totaling $2.1 million with a State university and a community college for staffing to provide training for the Family Safety Program and technical assistance for the Substance Abuse and Mental Health Program. One of the contracts was with University of South Florida (USF) and one was with Tallahassee Community College (TCC). Expenditures incurred since the inception of the two contracts through the end of the 2003-04 fiscal year totaled $2,047,712. (USF - $446,758 and TCC – $1,600,954)

The two contracts provided a total of 34 staff that were compensated by the university or college (including being provided membership in the Florida Retirement System). Many of the contracted employees were housed at FDCFS offices and FDCFS provided office space, furniture, computers, and telephone service. For the TCC contract, FDCFS personnel supervised one of the contracted employees.

FDCFS cited the exemption of services provided by governmental agencies from competitive solicitation (Section 287.057(5)(f)13., Florida Statutes) and did not use competitive solicitation to award the two contracts to the university and the community college. However, the staff analysis by the Committee on

Governmental Operations dated October 19, 1985, to House Bill 73 (which became chapter 86-52, Laws of Florida), indicates that the exemption was created to allow the government to realize savings by using intra-agency services. The staff analysis cites economic consultations, computer services, and research grants with universities as examples of services that would come under the provision. It is not clear how the staffing arrangements provided for through the FDCFS contracts with the universities and college were consistent with the intent of the exemption. Furthermore, this arrangement is not consistent with the restrictions on authorized positions provided for in Section 216.262(1), Florida Statutes.

As described below, FDCFS did not provide assurance through contract terms and execution that certain costs charged under the contracts were necessary and reasonable.

Contract Pricing

- FDCFS did not document the basis upon which contract terms and price were determined (including the extent to which the cost principles contained in OMB Circulars A-21 and A-87 were used).
- The USF contract included a provision allowing USF to retain any excess funds at the end of the contract period. FDCFS paid USF a total of $143,034 in excess of costs identified by the university as having been incurred to carry out the contract terms. Although the contract period ends June 30, 2006, the $143,034 excess is based on FDCFS funds allocated to the contract and the expenditures recorded by USF for the 2003-04 fiscal year. Because FDCFS and universities are components of the State government, the residual amount is not the result of an arm's length transaction and is not considered to have been spent for the Federal programs charged.
- For the contract period April 2003 through June 2004, FDCFS paid TCC a total of $32,444 in excess of the costs identified by the college as having been incurred to carry out the training and related portions of the contracts. The residual amount was retained by TCC. Because FDCFS and community colleges are components of the State government, the residual amount retained by TCC is not the result of an arms length transaction. Consequently, the residual amount, although disbursed by FDCFS to TCC, is not considered to have been spent for the Federal programs charged.
- The TCC contract price was based partially on salaries and benefits totaling $1,473,748 for 23 contracted staff positions. However, at June 30, 2004, 10 of the 23 positions were vacant. Vacancies occurring throughout the contract period may have contributed to the above described residual amount.

Indirect Costs

Both of the contracts included a provision for indirect costs equal to five percent of the contract amount (including payroll costs of the contracted employees working at FDCFS). The five-percent provision for indirect costs is based on Section 216.346, Florida Statutes, which restricts the amount of overhead or indirect costs that may be charged by a State agency, university, or college to another State agency to five percent of the total amount of the contract. TCC recorded $74,691 during the contract period for indirect costs. Although USF had not recorded any indirect costs in its accounting records, the first year of contract payments totaled $446,758, which included indirect costs of $21,274 (included in $143,034 residual amount described above).

As previously noted, FDCFS did not document whether the cost principles contained in either OMB Circular A-21 or A-87 were used as a basis for determining contract prices, including indirect cost allowances. Consequently, we

considered these contracts to be purchases of interagency services and used the provisions of OMB A-87 as a guide for assessing the reasonableness of indirect costs paid by FDCFS. OMB Circular A-87 provides that a standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the interagency service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. The computation of allowable indirect cost should be based on the salaries directly attributed to providing the service (i.e., contract administration such as hiring, recordkeeping, and payroll processing), not the payroll costs of the contracted employees working at FDCFS. Additionally, the USDHHS Implementation Guide for OMB Circular A-87 indicates that allowing a flat 10 percent of direct salary and wage cost of providing the service is allowed as a nominal amount in lieu of determining actual indirect costs. Clearly, 10 percent of the total contract amounts ($2,128,227) is not a nominal amount.

Time and Effort Records

FDCFS did not properly notify TCC and USF of the Federal funding sources for the two contracts, and as a result, the college and university were not aware of the requirements to obtain appropriate time-and-effort documentation required by Federal regulations.

Cause

FDCFS personnel indicated that the TCC contract was executed because FDCFS did not have the authorized positions to directly hire the staff. The FDCFS entered into the USF contract based on a previous working relationship with USF.

Effect

FDCFS charged costs to the Federal programs that would not have been charged had FDCFS used authorized positions. The contracts resulted in a residual to TCC and USF. The college and university are not obligated under their respective contracts to use the residual amount for specific program purposes. The Federal government may disallow costs.

Recommendation

We recommend that, absent express statutory authority, FDCFS refrain from entering into staffing contracts with universities and community colleges. We recommend that FDCFS enhance its policies and procedures as necessary to ensure that it obtains the best prices and terms and conditions available and that such prices and terms and conditions are in compliance with State and Federal laws and applicable cost principles. We also recommend that FDCFS fully document all procurement decisions, including the basis for the contract terms and price, legal interpretations, etc., and conclusions regarding compliance with State and Federal laws and applicable cost principles.

If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contracts, we recommend that FDCFS restore to the grant an amount equal to the Federal portion of the residual amounts retained by TCC ($13,578) and USF ($65,653), and indirect costs ($31,258 TCC) and seek reimbursement from the two institutions.

State Agency Response and Corrective Action Plan

The following response is related to the TCC contract only. Response related to the USF contract follows below from the SA/MH Program office.

The department will no longer be procuring staffing services from colleges and universities under Section 287.057(5)(f)13., Florida Statutes. The Child Welfare Training Program, under which the cited contract provided services, has been mandated to enter into competitive procurement for program implementation, curriculum and testing development and monitoring and training delivery and evaluation activities.

The competitive procurement activity has required the department to evaluate the existing program against the statewide training needs. The resulting analysis included input from the department and end-users of the proposed system,

ensuring that the contract terms are appropriate and necessary to implement a successful training program. The tasks and activities formerly performed under the contract with Tallahassee Community College (TCC) have either been eliminated or incorporated into the Request for Proposal documents, eliminating the need for staff at the DCF central office.

The competitive procurement is open to both public and private organizations, ensuring an opportunity for the state to negotiate the best price for services offered. Additionally, the competitive procurement is being implemented under both federal and state procurement requirements, ensuring assurance through contract terms and provisions that all costs are necessary, allowable and reasonable.

The department will make a formal request for reimbursement to Tallahassee Community College for those charges cited in the audit. This request will be provided to TCC no later than April 29, 2005.

The following response is related to the USF contract.

We concur with this recommendation, and will take the following corrective action:

1. Conduct fiscal review to confirm the residual amount retained by USF ($65,653).

2. Restore confirmed amount to the grant, and seek reimbursement from USF, as permitted by applicable laws/rules.

3. Critically evaluate data management needs of the Mental Health Program Office by 6-15-05.

4. Competitively procure data management needs that exceed existing staff resources by 10-1-05.

5. Perform the following in the interim, pending competitive procurement:

a. USF will be required to institute a method for capturing their staff time and effort related to the departmental contract, consistent with federal requirements. A quarterly expenditure report will be required to be submitted to the departmental contract manager. The contract manager will then reconcile contract payments to the actual costs incurred by USF for staff and contract related expenses.

b. The rollover account provisions will be removed from the contract via amendment. This account has been inactive since December 2003 with no accumulation of funds. USF did purchase one laptop computer and two personal computers for the staff.

c. The contract amendment will add a provision that positions vacant for more than 30 days will not be billed to the department.

d. The USF contract staff is paid below market standards and below comparable pay grades in the state system. To determine the validity of this and other reasonable costs the department will perform an analysis of cost for comparable deliverables and staff in other state contracts.

Agency Contact and Telephone Number

CW/CBC: Amy Peloquin, Child Welfare Training Unit Administrator
(850) 922-4081
SA/MH: John Bryant, Chief of Operations, Substance Abuse Program
(850) 413-6779

Estimated Corrective Action Date

CW/CBC: April 29, 2005
SA/MH: May 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-061**
CFDA Number	93.658
Program Title	**Foster Care – Title IV-E**
Compliance Requirement	Activities Allowed or Unallowed and Eligibility
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	0301FL1401 and 0401FL1401 2003-04
Finding Type	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs – $120,308

Finding

FDCFS districts and contracted Community-Based Care agencies (CBCs) did not properly document the determination of eligibility of children for which Foster Care payments were made on their behalf.

Criteria

45 CFR 1356.21; 45 CFR 1356.60; 42 USC 672; *Family Safety Statewide Operating Procedures*, *CFOP 175-71*.

Condition

We tested 40 case files of children receiving Foster Care – Title IV-E funded benefits and noted that in 9 instances FDCFS paid Foster Care – Title IV-E maintenance payments totaling $119,201 without properly documenting eligibility. Specifically, we noted:

- For six instances, there was no evidence that a judicial determination regarding efforts to finalize the permanency plan was made within the required time frames. In 4 of the 6 instances, the judicial determinations were approximately 29 to 34 months late. In the remaining 2 instances, the judicial determinations were 15 and 22 months late as of June 30, 2004.
- For two instances, the eligibility requirements were not met. For one case the requirement of deprivation was not met and for the other case the requirement related to available income was not met.
- For one instance, FDCFS did not provide a complete case file therefore FDCFS could not demonstrate that the child was Title IV-E eligible.
- For one instance, FDCFS could not provide current background screenings for the licensed foster care providers. This instance is also reported above in the third bullet.

We also tested 35 payments made on behalf of children funded by Foster Care – Title IV-E funds and noted clerical errors in 2 payments that resulted in non-Title IV-E board rate charges totaling $1,107 incorrectly charged to the Program.

Similar findings were noted in previous audits, most recently in audit report No. 2004-168, Finding FA 03-66.

Cause

FDCFS districts and CBCs failed to follow FDCFS policies and Federal regulations regarding documenting eligibility determination. FDCFS monitoring procedures were not sufficient to ensure Program payments were made only on behalf of children whose eligibility was appropriately documented.

Effect

Foster Care – Title IV-E funds were used to pay benefits for children that had not been documented as eligible to receive Program services.

Recommendation

We recommend FDCFS take appropriate action to ensure that all cases have permanency plans that are finalized in a timely manner and that documentation of Judicial determinations, background screenings, and all other eligibility requirements is maintained. We also recommend FDCFS credit the Foster Care – Title IV-E Program for improperly funded payments and charge the costs to a

	more appropriate funding source. This should include researching whether improper payments were also made after June 30, 2004, and taking action to correct those instances.
State Agency Response and Corrective Action Plan	The department concurs that improperly funded payments be credited to the Foster Care Title IV-E Program. Notification to the relevant districts/CBCs regarding recoupment efforts have begun with an anticipated completion date of 6/30/05. Each relevant district/CBC has been asked to provide a corrective action plan on how they will ensure all cases have the required documentation for IV-E eligibility. The Office of Child Welfare Revenue Maximization monitoring unit will continue to monitor and provide technical assistance to the district/CBCs in attempts to ensure the correct Title IV-E determination is made on all children for whom Title IV-E payments are made.
Agency Contact and Telephone Number	Gloria Nelson, Senior Management Analyst Supervisor (850) 922-0510
Estimated Corrective Action Date	December 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-062**
CFDA Number	93.658 and 93.659
Program Title	**Foster Care and Adoption Assistance – Title IV-E**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	0301FL1401, 0301FL1407, 0401FL1401, and 0401FL1407 2003-04
Finding Type	Reportable Condition

Finding

FDCFS did not adequately review supporting documentation for invoices submitted by the Community-Based Care (CBC) agencies prior to approving payment.

Criteria

OMB Circular A-133, Subpart D

Good business practice requires internal controls that provide reasonable assurance that expenditures of Program funds for contract payments are for allowable purposes and in accordance with Federal regulations, State law, and contract provisions. As such, monitoring procedures should include review of documentation that support invoiced amounts paid.

Condition

During the 2003-04 fiscal year, FDCFS contract payments to CBCs represented approximately 82 percent and 60 percent of total expenditures for the Foster Care and Adoption Assistance Programs, respectively. Department policies require CBCs to submit invoices that include support for the amount of direct service costs included in the invoice. CBCs are not required to include documentation to support amounts invoiced for allocated and purchased service costs, but are required by contract provisions to maintain such documentation for monitoring purposes.

Our tests of 21 CBC invoices submitted by 18 CBCs during the 2003-04 fiscal year disclosed little or no evidence that FDCFS personnel adequately reviewed supporting documentation associated with the invoiced amounts approved for payment.

Cause

The FDCFS had not effectively implemented policies and procedures requiring monitoring of invoices commensurate with the nature and complexity of the CBC contract requirements and invoicing. Although FDCFS headquarters developed *CBC Invoicing: A Best Practice Guide*, dated June 2004, contract managers who review CBC invoices are not required to follow the guidelines.

Effect

The absence of adequate review of invoices and supporting documentation limits assurance that amounts paid from Foster Care and Adoption Assistance funds are for allowable costs that are necessary, reasonable, and in compliance with Federal regulations.

Recommendation

Although we recognize that the CBCs are required to obtain audits in accordance with OMB A-133, such audits are not a replacement for ongoing monitoring by the FDCFS. We recommend FDCFS implement written policies and procedures that require a review process for CBC invoices that adequately addresses the nature and complexity of the contracting and related requirements including requiring timely reviews of supporting documentation of invoice amounts paid and adequate documentation of the review process.

State Agency Response and Corrective Action Plan	The department concurs with the recommendation. The department will modify the CBC Invoice Best Practice Guide to include additional best practices and safeguards, as well as minimum requirements for documentation to support the review and approval of invoices. The Best Practice Guide will be converted to department policy no later than May 1, 2005.
Agency Contact and Telephone Number	Walter Sachs, Assistant Staff Director, Contract Operations (850) 921-8983
Estimated Corrective Action Date	May 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-063**
CFDA Number	93.659
Program Title	**Adoption Assistance**
Compliance Requirement	Activities Allowed or Unallowed and Eligibility
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	0301FL1407 and 0401FL1407
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $27,931

Finding

FDCFS districts and contracted Community-Based Care agencies (CBCs) did not properly document the determination of eligibility of children for which Adoption Assistance subsidy payments were made on their behalf.

Criteria

45 CFR 1356.40, 42 USC 673; *FDCFS Family Safety Statewide Operating Procedures, CFOP 175-71*.

Condition

We tested 40 case files of children receiving Adoption Assistance funded benefits and noted that for 3 cases FDCFS paid Adoption Assistance maintenance payments totaling $27,931 without properly documenting eligibility. Specifically we noted:

- In one instance, FDCFS could not provide documentation supporting that the child had special needs or that attempts were made to place the child without the adoption subsidy.
- In two instances, documentation did not evidence whether the Initial Adoption Agreement was signed at the time of or before the final adoption decree. For one of the two, the Initial Adoption Agreement was not signed or dated by the adopting parent. For the other instance, the final adoption decree could not be provided. One of these instances is also reported in the bullet above.
- In one instance, FDCFS incorrectly paid Title IV-E adoption assistance subsidy when the child was determined non-Title IV-E.

Cause

FDCFS districts and CBCs failed to follow FDCFS policies and Federal regulations regarding documenting eligibility determination. FDCFS monitoring procedures were not sufficient to ensure Program payments were made only on behalf of children whose eligibility was appropriately documented.

Effect

Adoption Assistance Program funds were used to pay benefits for children that had not been documented as eligible to receive Program services.

Recommendation

We recommend FDCFS take appropriate action to ensure that all cases have accurate and complete adoption agreements and those payments funded with Adoption Assistance funds are made only on behalf of eligible children. We also recommend that FDCFS credit the Adoption Assistance program for improperly funded payments and charge the costs to a more appropriate funding source. This should include researching whether improper payments were also made after June 30, 2004, and taking action to correct those instances.

State Agency Response and Corrective Action Plan

The department concurs that improperly funded payments be credited to the Title IV-E Adoption Assistance Program. Upon notification to the relevant districts/CBCs, recoupment efforts will begin with an anticipated completion date of 6/30/05. The Office of Child Welfare /Community Based Care Revenue Maximization monitoring unit will continue to provide monitoring and technical assistance to the districts/CBCs in attempts to ensure Title IV-E payments are made only to children who meet the Title IV-E eligibility criteria.

Agency Contact and Telephone Number	Gloria Nelson, Senior Management Analyst Supervisor (850) 922-0510
Estimated Corrective Action Date	December 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-064**
CFDA Number	93.667
Program Title	**Social Services Block Grant (SSBG)**
Compliance Requirement	Matching, Level of Effort, Earmarking
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	G0301FLTANF and G0401FLTANF
Finding Type	Opinion Qualification, Material Noncompliance, Material Weakness and Reportable Condition Questioned Costs – $99,023.55

Finding

FDCFS did not appropriately determine eligibility or maintain documentation to show that amounts paid on clients' behalf from Temporary Assistance to Needy Families (TANF) – CFDA No. 93.558 funds transferred to SSBG were used only for programs and services to children and their families whose incomes were less than 200 percent of the official poverty guidelines.

Criteria

42 USC 604(d)(3) and 42 USC 9902(2), HHS Poverty Guidelines; *FDCFS Family State Statewide Operating Procedures, CFOP 175-93*.

Condition

During the 2003-04 fiscal year, FDCFS transferred approximately $62.3 million of TANF funds to the SSBG Program. FDCFS standardized Request for TANF Funds/Eligibility Determination form was used to document clients' eligibility to receive benefits paid from the TANF funds transferred to SSBG. The form, completed by FDCFS staff, documents among other things that the clients' income was determined to be less than 200 percent of the official poverty guidelines. Our review disclosed that 18 of 20 case files did not contain this form or other documentation that demonstrated amounts paid on the clients' behalf were used only for programs and services to children and their families whose incomes were less than 200 percent of the official poverty guidelines. Specifically, we noted the following:

- For 14 instances, the Request for TANF Funds/Eligibility Determination forms provided for our review were signed and dated subsequent to our request for such documentation. For 2 of the 14 cases, the form documented that the clients' income exceeded 200 percent of the official poverty guidelines. For 1 of the 14 cases the family's income was not provided on the form. Amounts paid from SSBG funds during the 2003-04 fiscal year for these clients totaled $80,608.56.
- For 3 instances, a Request for TANF Funds/Eligibility Determination form was not available. Amounts paid from SSBG funds during the 2003-04 fiscal year for these clients totaled $17,854.60.
- For 1 instance, the Request for TANF Funds/Eligibility Determination form on file did not include the family's income. Amounts paid from SSBG funds during the 2003-04 fiscal year for this client totaled $560.39.

Similar findings were noted in audit report No. 2004-168, finding No. FA 03-68.

Cause

The FDCFS failed to comply with established procedures for determining and documenting clients' eligibility for amounts paid on their behalf from TANF funds transferred to SSBG.

Effect

The FDCFS cannot demonstrate that amounts paid on behalf of these clients were used only for programs and services for eligible children and their families.

Recommendation

The FDCFS should enhance training, as well as provide more effective supervision, to ensure employees follow established procedures for determining

and documenting that amounts paid are used only for programs/services to children and their families whose incomes are less than 200 percent of the official poverty guidelines.

State Agency Response and Corrective Action Plan

The department is currently seeking additional federal guidance on the eligibility documentation requirements for children whose cost of out of home care is funded with SSBG II funds. We anticipate a response from the Department of Health and Human Services within the next 30 days. The children in this category have not previously been addressed in the TANF operating procedure; however, this eligibility group is addressed in the SSBG Pre-expenditure Report and in the Chart 8's for the OCAs that use this funding. These two documents do not specify that the TANF form should be completed.

In an effort to resolve this finding, the department has developed an eligibility/documentation form with program instructions that are specific to the SSBG II funding source. This form will document SSBG II eligibility. Eligibility codes will also need to be developed to capture the children's eligibility in the Integrated Child Welfare System and a unique OCA will be established. Staff will receive training regarding the use of the form and coding in ICWSIS (form requires supervisory review and approval of SSBG II funding.) In order to ensure adherence to the established documentation and coding requirements, local (zone) and statewide monitoring of the SSBG II will be included in the department's monitoring efforts.

Agency Contact and Telephone Number

Elizabeth Wynn, Senior Management Analyst Supervisor
(850) 922-0743

Estimated Corrective Action Date

July 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-65**
CFDA Number	93.767
Program Title	**State Children's Insurance Program (SCHIP)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	05-0305FL5021 2002-03 and 05-0405FL5021 2003-04
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $11,550,638

Finding

FDOH cannot fully demonstrate the appropriateness of expenditures charged to the SCHIP.

Criteria

42 USC 1397ee(a)(1) – SCHIP funds may be used for child health assistance.

Condition

FDOH receives SCHIP funds through the Florida Agency for Health Care Administration (FAHCA) for the provision of services to eligible children with special health care needs. These funds are received through a capitation agreement, whereby FAHCA pays FDOH a fixed rate per client enrolled in the FDOH component of the SCHIP Program. In prior fiscal years, the capitation rate was set at a level that exceeded FDOH costs, resulting in a cash balance of $34,461,988 at June 30, 2002. As a result, the capitation rate received from FAHCA was reduced so that, according to FDOH personnel, the excessive cash balance should be eliminated by the end of the 2004-05 fiscal year. Because FDOH and FAHCA are components of the State government, the residual amounts retained by FDOH are not the result of arms length transactions. Consequently, the residual amounts should retain their identity as SCHIP funds. However, $11,550,638 was appropriated from the cash balance for the 2002-03 through 2004-05 fiscal years for multiple activities that FDOH has not documented as allowable for SCHIP funding. As described further below, some of the activities funded do not appear to be allowable costs for SCHIP.

- One contract, with SCHIP expenditures totaling $1,033,305 during the 2003-04 fiscal year, was for the provision of Child Protection Teams. Child protection teams are medically led multidisciplinary teams that provide support to child protective investigations. Based on this description, it does not appear that these activities would be allowable under the SCHIP.
- A second contract, with SCHIP expenditures totaling $154,363 during the 2003-04 fiscal year, was for the establishment of a comprehensive system of care for children with special health care needs. While the services provided would potentially be allowable under the SCHIP, FDOH was unable to provide documentation evidencing that the portion of payments made with SCHIP funds was used only for services provided to SCHIP-eligible children.
- A third contract, with SCHIP expenditures totaling $400,000 during the 2003-04 fiscal year, was designed to improve the care of children with diabetes by enhancing the access to specialized health care providers and by providing easy access to a wide array of educational materials. Again, while the services provided by the contract would potentially be allowable under the SCHIP, the contract indicated that all children FDOH treats for special health care needs were to be served, and did not limit the services to SCHIP-eligible children.

Cause

Inadequate oversight of the administration of Federal funds and management of the cash balance contributed to the above-noted instances.

Effect	FDOH charged unallowable costs and costs benefiting more than one program to the SCHIP rather than charging the costs to all programs benefited.
Recommendation	We recommend FDOH review the expenditures made from the excess cash balance and identify those that would not be allowable under the SCHIP. If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred, we recommend FDOH restore to the grant an amount equal to expenditures determined to be unallowable under the SCHIP.
State Agency Response and Corrective Action Plan	Response: The department acted in accordance with the legislative appropriations for the specific categories and contracted for services contained in these categories. We understand that the appropriation was based on a basic principle of capitation, i.e., as long as the enrolled individuals received the services that they needed from the list of approved benefits that excess funds generated from the capitation payments can be used for alternative purposes not specifically related to the original intent of the fund source. Corrective Action: Upon confirmation that the appropriation fund shift was in violation of Federal provisions: 1) DOH/CMS will review the appropriation categories and subsequent contract service activities to determine how much of the redirected funds can be attributable to Title XXI related activities; 2) CMS will develop an LBR issue requesting that the Legislature appropriate a reimbursement to the grant in the amount of funds determined not to be related to Title XXI eligible expenditures.
Agency Contact and Telephone Number	Randy Wilcox, CMS Network Administration (850) 245-4219
Estimated Corrective Action Date	August 31, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-66**
CFDA Number	93.767
Program Title	**State Children's Insurance Program (SCHIP)**
Compliance Requirement	Allowable Costs/Cost Principles Subrecipient Monitoring
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	05-0305FL5021 2002-03 and 05-0405FL5021 2003-04
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $2,667,868.97

Finding

FDOH cannot fully demonstrate the appropriateness of the costs charged to SCHIP funds with respect to four contracts with a State university. Additionally, FDOH did not adequately monitor contracts with the university or properly identify to the university the Federal awards funding the contracts.

Criteria

42 USC 1397ee(a)(1) - SCHIP funds may be used for child health assistance.

OMB Circular A-87, Attachment A, Section C.1.a. – Costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards; **C.2.** – In determining reasonableness of a given cost, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining; Federal and State laws; the market prices for comparable goods or services; and significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs.

An agency administering a Federal awards program is responsible for ensuring that program moneys are used in accordance with applicable Federal laws, regulations, and cost principles. Consequently, when commodities or contractual services are purchased, the administering agency should ensure that the commodities or contractual services are received at an acceptable level of quality. Similarly, under OMB Circular A-133, §___.400(d)(3) an administering agency should monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes and that performance goals are achieved.

OMB Circular A-133, §___.400(d)(1) – A pass-through entity shall identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of the Federal agency.

Condition

We reviewed four SCHIP contracts totaling $23.8 million with the University of Florida (UF) for children's medical services. These contracts are administered by the FDOH Division of Children's Medical Services, which provides services to children with special health care needs, including Medicaid and SCHIP-eligible children. Expenditures during the 2003-04 fiscal year charged to the Program totaled $6 million. As described below, FDOH did not provide assurance through contract terms and execution that certain costs charged under the contracts were necessary and reasonable.

- FDOH did not document how it selected the University to perform the contracted services for three of the four contracts. Additionally, for one contract FDOH could not provide documentation of the basis upon which contract terms and price were determined.
- FDOH paid a total of $2,667,868.97 in excess of the costs identified by UF as having been incurred to provide the contracted services. Although the

contracts were ongoing as of June 30, 2004, the residual amounts have been retained by the University and have not been used for the SCHIP. Because FDOH and the university are components of the State government, the residual amounts retained are not the result of arms length transactions. Consequently, the residual amounts, although disbursed by FDOH to UF, should retain their identity as Federal program funds.

- One contract was for an integrated care system (ICS) for SCHIP-eligible children. Under the terms of the contract, UF was responsible for recruiting providers to establish a service network and paying providers on a fee-for-service basis through a contract with a third party administrator. During the 2003-04 fiscal year, 66 percent of UF's expenditures under this contract represented payments to the third party administrator. The remaining 34 percent of expenditures were made by UF to establish and manage the network and do not represent the provision of direct services to children with special health care needs. Our review of FDOH's procurement of this contract disclosed:
  - FDOH has established ICS networks in two areas of the state. Services to the rest of the state are provided by FDOH field offices. FDOH personnel indicated that the ICS networks were needed because the Department's data system is not adequate to support all SCHIP claim payments. Additionally, FDOH personnel indicated that the ICS networks ensure that providers meet FDOH standards and that a child's care is coordinated among providers and that, on occasion, children outside of the ICS networks have been treated by pediatric specialists not meeting FDOH's quality of care standards.
  - FDOH has contracted for evaluations of the ICS networks; however, due to the inadequacy of FDOH's data systems, these evaluations do not include a comparison of costs or customer satisfaction prior and subsequent to the implementation of the ICS or a comparison of costs with other areas of the state. Therefore, FDOH cannot determine the benefit or costs of implementing the ICS networks.
- Administrative monitoring was not performed for three of the contracts with UF. FDOH personnel indicated that they believe administrative monitoring of State universities would be redundant and a misuse of limited resources. Additionally, FDOH could not provide documentation of programmatic monitoring for one contract.
- FDOH had not properly identified to UF the funding sources for two of the three contracts reviewed that represented subawards.

Cause

Inadequate oversight of the administration of Federal funds; inadequate procedures regarding the methods of procurement and pricing; and insufficient procedures for monitoring were contributing factors in the above-noted instances.

Effect

FDOH charged costs to the SCHIP for unallowable activities. Absent competition or documentation clearly outlining that the procurement decisions were in the best interest of FDOH and the Federal grantor agency, there is little confidence that the contracts were awarded equitably and economically and without improprieties. Without Federal award information, the University does not have the information necessary to ensure compliance with Program requirements. Additionally, UF cannot properly identify the awards expended on the Schedule of Expenditures of Federal Awards. The contracts resulted in a residual to UF that they are not obligated under their contracts to use for Program purposes. The Federal Government may disallow costs.

Recommendation

We recommend that FDOH enhance its policies and procedures as necessary to ensure that it obtains the best prices and terms and conditions available. We also recommend FDOH fully document all procurement decisions, including the selection of a contractor and the basis for the contract terms and price. We recommend that FDOH implement procedures for monitoring contracts with universities. We recommend that FDOH enhance its policies and procedures to ensure that Federal funding is properly identified in its contract documents. If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contracts, we recommend that FDOH restore to the grant an amount equal to the residual amounts retained by UF and seek reimbursement from the university.

State Agency Response and Corrective Action Plan

Response: CMS is currently reviewing all contracts to determine which ones may be appropriate for competitive procurement and document this in each contract file. CMS will review each contract with Federal funding to ensure that Federal funds are properly identified. The UF ICS contract will be amended to ensure that the funding is properly identified and to stipulate that annual surplus amounts will remain with the university and will be used in accordance with the Federal Title XXI requirements and are to be used within the purpose and scope of the contract. The amendment will also stipulate that at such time the contract is terminated and or not renewed with the university, any unencumbered surplus will be returned to the department. This contract was the result of several years of negotiation following an Invitation to Negotiate process. There was no prior expenditure experience for children with special health care needs who qualified for SCHIP funding in order to establish cost/benefit benchmarks, therefore CMS used cost and service information derived from experience gained from Medicaid expenditures. The contract is a multi year contract and it was anticipated that there would be reserve funds in the first year that would roll over for services in subsequent years. The reserve funds are necessary to cover the risk of catastrophic health care costs. In fact, 4 transplants have recently been encumbered.

Corrective Action: CMS will identify contracts that are appropriate for competitive procurement and document this in each contract file. CMS will include a requirement that each contract file specify the basis for the selection of the contractor and the basis for the terms and price. CMS will review each contract with Federal funding to ensure that Federal funds are properly identified. The UF ICS contract will be amended to ensure that the funding is properly identified and to stipulate that annual surplus amounts will remain with the university and will be used in accordance with the Federal Title XXI requirements and are to be used within the purpose and scope of the contract. The amendment will also stipulate that at such time the contract is terminated and or not renewed with the university, any unencumbered surplus will be returned to the department.

Response regarding monitoring of universities: The FDOH will enhance its current contract monitoring procedures to include colleges and universities.

Corrective Action regarding monitoring of universities: Develop procedures for monitoring contracts with universities and colleges.

Agency Contact and Telephone Number

Randy Wilcox, CMS Network Administration, (850) 245-4219

Monitoring of universities issue: Matthew W. Kirkland, C.P.A., Chief, Bureau of Finance & Accounting, (850) 245-4500

Estimated Corrective Action Date

July 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-067**
CFDA Number	93.767
Program Title	**State Children's Insurance Program (SCHIP)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	05-0405FL5021 2003-04
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs -$13,028 (Federal Share $9,282)
Finding	FDOH did not always obtain, or timely obtain, semiannual certifications of time worked by employees to substantiate salary costs charged to the Program.
Criteria	OMB Circular A-87, Attachment B, Section 8.h(3), Support of Salaries and Wages
Condition	We tested 44 program expenditures, 5 of which were salary payments for employees that worked 100 percent of their time on the SCHIP Program. FDOH procedures require a certification to be completed within a month of the end of the six-month period. However, we noted for one employee, FDOH was unable to provide a certification, and for a second employee the payroll certification was signed subsequent to audit inquiry (approximately three months after the FDOH due date). Salaries and benefits paid on behalf of the two employees during the certification period in question totaled $13,028.
Cause	The SCHIP Program office did not have established procedures to ensure the certifications were obtained on a timely basis.
Effect	Absent the required periodic certifications, FDOH had not fully substantiated the salary costs charged to SCHIP in accordance with OMB Circular A-87.
Recommendation	We recommend that FDOH ensure that periodic certifications are obtained on a timely basis.
State Agency Response and Corrective Action Plan	Response: We concur. Corrective Action: CMS Headquarters will implement a tracking process whereby the Program Administrators for each area office will submit a copy of the certifications to Headquarters every 6 months. Headquarters CMS Network Administration, Fiscal Management Unit staff will maintain a current list of all CMS employees that are required to complete a certification and will ensure that the certifications are completed timely. A spreadsheet listing the names of each employee, area office, due dates and other pertinent information will be used to track the recipient of the certifications. Each Program Administrator will be responsible for submitting the copies of the certifications to Headquarters staff in a timely manner.
Agency Contact and Telephone Number	Randy Wilcox, CMS Network Administration (850) 245-4219
Estimated Corrective Action Date	March 15, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-068**
CFDA Number	93.767, 93.667, 93.994
Program Title	**State Children's Insurance Program (SCHIP), Social Services Block Grant (SSBG), Maternal and Child Health Block Grant (MCHBG)**
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**University of Florida (UF)**
Federal Grant/Contract Number and Grant Year	05-0305FL5021, October 1, 2002 – September 30, 2003, and 05-04 05FL5021, October 1, 2003 – September 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $168,590 (93.767 - $135,399, 93.667 - $28,190, 93.994 - $5,001)

Finding

Contract administration did not always follow institution purchasing policy. The procurement of consulting and management services did not include obtaining quotes or multiple bids. Additionally, salaries charged to the Florida Department of Health (FDOH) contracts were not supported by time and effort records.

Criteria

OMB Circular A-21, Section C., Basic considerations, Factors affecting allowability of costs – To be allowable, costs must be reasonable, allocable to sponsored agreements, and given consistent treatment and conform to any limitations or exclusions set forth in OMB Circular A-21.

OMB Circular A-110, Sections 40 through 48, Procurement Standards

UF Purchasing Policy 2.3.A. – No purchases of commodities or services in excess of $50,000 shall be made without attempting to secure two or more formal bids unless otherwise exempted.

UF Purchasing Policy 2.3.B. General Policies Governing the Purchasing Function – For purchases greater than $5,000 and less than $25,000, the requestor should obtain quotations from two or more vendors by telephone, fax, e-mail, or provide justification why quotations were not obtained.

OMB Circular A-21, Section J.10., Time-and-Effort Reporting

Condition

We reviewed three fixed-price contracts that the institution received from the FDOH. One contract (COQCJ), funded by the SCHIP, is for the development and administration of an integrated care system to provide comprehensive health care coverage to children with special health care needs. One contract (TEM3X), funded by the SCHIP and SSBG, provides child protection teams to support child protective investigations. The third contract (COQFE), funded by the SCHIP, MCHBG, and State dollars, is for the establishment of a comprehensive system of care for children with special health care needs. Our review of the institution's administration of the contracts disclosed:

- The institution charged salary costs totaling $168,590 related to four employees to FDOH contracts; however, there were no time-and-effort records supporting the appropriateness of the charges. For two of the employees, institution personnel indicated that the salary charges to the grant represented the five percent indirect costs allowed by Florida Statute to be charged against state agency contracts. However, the FDOH contracts do not include a provision allowing for indirect costs.
- For one contract (COQCJ), the institution procured two sub contracts without following institution Purchasing Policies. One of the sub contracts was a fixed price per unit contract with a third-party administrator. The institution made payments to this sub contractor totaling $1,386,393 during the 2003-04 fiscal year. Instead of following its purchasing policy, the institution utilized a

selection committee which evaluated responses to a Request for Information to select the subcontractor. The institution subsequently obtained an exemption from bidding from the institution President on October 21, 2003, more than two months after the contract was signed on August 15, 2003. The second subcontract was for professional services totaling $23,000. The institution was unable to provide documentation evidencing that quotes had been obtained or justification for not obtaining quotes. Additionally, the institution failed to obtain written approval from FDOH for the second subcontract, contrary to the terms of the contract with FDOH.

Cause

Inadequate contract administration and oversight were contributing factors in the failure to follow institution policies and procedures and Federal administrative requirements and cost principles. Pursuant to institution policy, faculty and professional positions were not required to maintain timesheets reflecting actual work performed.

Effect

Costs to the Federal government may have been higher because the institution did not use competitive procurement methods when acquiring services from subcontractors. Additionally, the institution is unable to demonstrate that salaries and benefits for employees working on multiple activities were equitably charged to the FDOH contracts. The Federal government may disallow costs.

Recommendation

We recommend the institution adhere to established policies and procedures and applicable Federal cost principles and contract terms. Additionally, we recommend that the institution maintain time distribution records reflecting actual work performed for employees that work on more than one activity or project.

UF Agency Response and Corrective Action Plan

The University entered into these three fixed-price contracts with the Florida Department of Health (FDOH) to provide services to selected groups for fixed contract amounts. The University assumes the risk of loss if the amount of the contracts do not cover the costs of the services provided to the constituent groups. Conversely, any residual balances inuring to the University may be retained.

The University has established an activity (effort) reporting system in accordance with Circular A-21 cost principles for allowable time reporting systems. This is the system of record that has been used by the University for a number of years. The amounts charged to the contracts for the four employees in question are supported by certified and approved records in the University's Activity Reporting System.

The University concurs with the finding that the purchasing exemption from bidding the subcontract was obtained after the contract was signed. Administrative oversights delayed the timely request for the exemption. However, it is the University's position that the exemption from bidding was appropriate and that efforts of the department in procuring the services of the subcontractor resulted in a cost effective arrangement.

The other procurement for $23,000 was not a subcontract, but a purchase of professional services. The department identified a qualified and experienced consultant to fill a specific expertise or area of endeavor. The University believes that because of the unique nature of the services needed and the specific expertise of this consultant that soliciting competition was not feasible. As such, this procurement would have been exempted from the requirements to obtain quotes. The University concurs that documentation justifying the absence of quotes for this purchase was not made a part of the record.

The University will review its procurement policies with the department administering these contracts.

UF Contact and Telephone Number	Michael McKee, University Controller (352) 392-1321
Estimated Corrective Action Date	March 31, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-069**
CFDA Number	93.767
Program Title	**State Children's Insurance Program (SCHIP)**
Compliance Requirement	Cash Management
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5021 2002-03 and 05-0405FL5021 2003-04
Finding Type	Material Noncompliance and Reportable Condition
Finding	FAHCA submitted incomplete data selection criteria for SCHIP and, as a result, the clearance patterns were not correct.
Criteria	31 CFR 205.20-22, Clearance Patterns; Cash Management Improvement Act (CMIA) Agreement between the State of Florida and the Secretary of the Treasury, U.S. Department of the Treasury.
Condition	Contrary to paragraph 7.2 of the CMIA Agreement, FAHCA provided incomplete data selection criteria to the Florida Department of Financial Services (FDFS) for use in calculating the clearance patterns for SCHIP. The accounting codes submitted to and used by FDFS reflected approximately 11 percent of FAHCA's SCHIP expenditures during the audit period. FAHCA indicated that the clearance pattern for SCHIP should be one day rather than seven days as identified in the CMIA agreement.
Cause	FAHCA personnel indicated that they were not aware that they needed to report changes in the data selection criteria to FDFS.
Effect	The amount of interest paid by the State to the U.S. Department of the Treasury under the CMIA Agreement may be misstated. However, absent a clearance pattern based on complete data selection criteria, the amount of the misstatement, if any, is not readily determinable.
Recommendation	We recommend that FAHCA implement procedures to ensure that correct data selection criteria are provided to FDFS for use in calculating clearance patterns.
State Agency Response and Corrective Action Plan	In the fall of 2003, FAHCA staff discussed with FDFS staff the appropriateness of the 7.3 day clearance pattern used by FDFS for SCHIP expenditures. FACHA staff suggested that a 1-2 day clearance pattern would be a more appropriate average because the larger SCHIP transactions clear quickly. As a result of that conversation, FAHCA listed one day as the clearance pattern on the CMIA reports submitted to FDFS. The submitted clearance pattern was subsequently adjusted by FDFS to 7.3 days without notice to FAHCA. FDFS, at no time, corresponded with FAHCA regarding the adjustments to the CMIA report, nor provided assistance to FAHCA staff on how to submit to FDFS the "accurate clearance criteria" as required by Paragraph 7.2 of the CMIA Agreement. FACHA staff will now monitor the average clearance patterns developed by FDFS, and will provide to FDFS the necessary data selection criteria to insure that the average clearance patterns are accurate.
Agency Contact and Telephone Number	Janet Parramore (850) 921-9141
Estimated Corrective Action Date	September 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-070**
CFDA Number	93.767
Program Title	**State Children's Insurance Program (SCHIP)**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Agency of Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5021 2002-03 and 05-0405FL5021 2003-04
Finding Type	Reportable Condition
Finding	FAHCA did not perform adequate monitoring of costs incurred pursuant to its contract with the Florida Department of Health (FDOH).
Criteria	OMB Circular A-133, §___.400 d)(3) Pass-through entity responsibilities
Condition	FAHCA is responsible for the administration of SCHIP. FAHCA contracts with the FDOH to provide health care services for certain clients on a capitated basis. As further described in FA 04-065, in prior fiscal years, the capitated rates were set at a level that exceeded FDOH costs. FAHCA did not monitor the rates in sufficient detail to timely adjust the rates.
Cause	While the cooperative agreement required FDOH to maintain expenditure information for the clients served through the agreement, it did not assign responsibility for reporting those costs to FAHCA or address how the capitation rates are established or the frequency in which the rates should be adjusted. In addition, FAHCA had not established procedures to compare costs with established rates.
Effect	The rates paid exceeded actual costs and FDOH had a related fund balance of $34 million at June 30, 2002.
Recommendation	We recommend that FAHCA implement procedures to monitor FDOH capitation rates and adjust as needed to approximate related costs. If necessary, FAHCA should also revise the cooperative agreement to fully address how the capitation rates are set, how the rates are adjusted, and the required reporting frequencies for FDOH.
State Agency Response and Corrective Action Plan	Payments made under the FAHCA's interagency agreement are based on funding for the Florida KidCare Program through the General Appropriations Act. Since the inception of the Florida KidCare Program, the KidCare Social Services Estimating Conference has convened. The KidCare Social Services Estimating Conference meets periodically during each fiscal year and is attended by the Executive Office of the Governor, the coordinator of the Office of Economic and Demographic Research, professional staff who have forecasting expertise from FDCF, FAHCA, FDOH, the Senate, the House of Representatives or their designees. Each KidCare partner brings information to the KidCare Social Services Estimating Conference related to enrollment, case loads, utilization, and expenditure information needed to plan for and project future budgets and the drawdown of federal funds. The Florida Legislature then provides funding for the KidCare program each state fiscal year, taking into consideration the information provided by each KidCare partner at the KidCare Social Services Estimating Conference. The circumstances that lead to the fund balance at FDOH referenced in this finding are attributable to the early years of the KidCare program where the premium payment (in retrospect) exceeded program cost. This was a new program with no cost history and funding in the early years was based on

estimates as appropriated in the General Appropriations Act.

It should be noted that service providers are allowed up to 12 months to submit their reimbursement claim forms and obtain payment for their services. This lag in time between when the service was provided and when the cost is reimbursed would prevent accurate expenditure data from being accumulated for at least 24 months. Without accurate expenditure data, it would have been difficult to properly align estimated costs with actual expenditures.

The premium payment has been adjusted over time (through the KidCare Social Services Estimating Conference process described above) and is currently aligned with the level of program expenditures incurred by FDOH. The KidCare Social Services Estimating Conference process will prevent a future cash balance from accruing as it did in the early years of the program.

FAHCA will continue to work with FDOH staff to more closely monitor expenditures incurred by FDOH under the Kid Care program and through the KidCare Social Services Estimating Conference process to ensure that projected funding needs are aligned with actual levels of expenditures.

Agency Contact and Telephone Number

Dyke Snipes
(850) 488-3560

Estimated Corrective Action Date

Ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-071**
CFDA Number	93.778, 93.777, and 93.775
Program Title	**Medicaid Cluster**
Compliance Requirement	Activities Allowed or Unallowed
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5028 2002-03 and 05-0405FL5028 2003-04
Finding Type	Reportable Condition Questioned Costs – $171,056.76 ($105,798 Federal Share) [Therapy Services - $69,178.48 ($42,793.80 Federal share); Dental Services - $65,203.13 ($40,315.62 Federal share); Assisted Living for the Elderly (ALE) Waiver $36,675.15 ($22,688.58 Federal share)]
Finding	Internal controls were not adequate for certain types of claims to prevent payments in excess of allowable amounts.
Criteria	Reasonable controls include verification of claims to ensure edits are in place to prevent errors and abuse.
Condition	Queries of a FAHCA computer system disclosed instances in which excessive payments were made for therapy services, dental services, and ALE waiver payments. Specific details of the internal control deficiencies are not disclosed in this report to avoid the possibility of compromising claims processing. However, the appropriate Agency personnel are aware of the deficiencies. We noted similar issues regarding ALE waiver payments in audit report 2004-168, finding No. FA 03-70. FAHCA has informed us that file maintenance has been requested to include appropriate edit checks for the claims processing system. However, no overpayments have been recovered.
Cause	Appropriate system edits were not in place.
Effect	Absent appropriate internal controls, erroneous claims may be processed and paid and may not be subject to timely detection.
Recommendation	FAHCA should implement appropriate edit checks for the claims processing system. Additionally, FAHCA should pursue recovery of any overpayments.
State Agency Response and Corrective Action Plan	Therapy Services: These claims were Medicaid/Medicare crossover claims and should not have been paid. A Customer Service Request (CSR) to correct this problem was implemented on January 23, 2005. We will review the feasibility and legality of recouping the overpayments. Dental Services: Due to an oversite, the edit for eliminating certain surgical procedure codes for adults was not implemented at July 1, 2002. This problem was corrected in January 2004 when the edit was implemented. For $2,696 of the dental claims paid, the procedure was performed during the month that the recipient turned twenty-one. The system is programmed to pay claims for dental services received in the month of eligibility. We will review the feasibility and legality of recouping any erroneously paid claims. ALE Waiver: FAHCA has identified the overpayments for ALE services paid between July 1, 2002 and December 31, 2004. The overpayments appear to be the result of billing errors rather than systemic fraud or abuse. FAHCA has contacted FDOEA to share this data and to assist the Department in recouping the identified overpayments from their contracted providers. FDOEA has indicated that their Medicaid Waiver Specialists will handle the recoupments. Additionally, on October 13, 2004, limits were created in the claims processing system and made retroactive to dates of service beginning October 16, 2003 to catch any

	claims not yet billed related to case management services and incontinence supplies. FAHCA is currently working on implementing changes to the system that would limit payments for ALE services for the same recipient.
Agency Contact and Telephone Number	Dyke Snipes (850) 488-3560
Estimated Corrective Action Date	December 31, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-072**
CFDA Number	93.778, 93.775, and 93.777
Program Title	**Medicaid Cluster**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5048 2002-03, 05-0405FL5048 2003-04, 05-0305-FL-5000 2002-03, 05-0405-FL-5000 2003-04, 05-0305-FL-5001 2002-03, 05-0405-FL-5001 2003-04, 05-0305-FL-5002 2002-03, and 05-0405-FL-5002 2003-04
Finding Type	Material Noncompliance Questioned Costs – Approximately $400,000
Finding	Payments for unused leave were charged as a direct cost of the program, contrary to OMB Circular A-87.
Criteria	OMB Circular A-87, Attachment B, Section 8.d., *Fringe Benefits*
Condition	We noted that unused leave payments totaling approximately $400,000 were charged as direct costs to Federal programs instead of allocating the payments as general administrative expenses to all activities of FAHCA.
Cause	FACHA's policy is to charge terminated leave costs to the program which the employee worked on prior to termination. FAHCA has requested a Federal waiver to continue this practice.
Effect	The programs may have been overcharged by directly charging payments for unused leave.
Recommendation	FAHCA should establish procedures to charge leave payments as a general administrative expenditure to all activities of the FAHCA, pending Federal approval to the contrary.
State Agency Response and Corrective Action Plan	We concur with your finding and recommendation. FAHCA will revise procedures to charge leave payments as a general administrative expenditure, unless Federal approval is received to continue our current practice. This change will be implemented effective July 1, 2005.
Agency Contact and Telephone Number	Janet Parramore (850) 921-9141
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-073**
CFDA Number	93.778, 93.777, and 93.775
Program Title	**Medicaid Cluster**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5028 2002-03
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $12,523 ($6,261 Federal Share)
Finding	FAHCA procedures for documenting the efforts of employees assigned to the Medicaid program did not, for some transactions, meet the requirements of OMB Circular A-87 regarding the support of salaries and wages.
Criteria	OMB Circular A-87, Attachment B, Section 8.h., *Support of Salaries and Wages*
Condition	We tested five general expenditures of which four were salary related payments. Three of the four employees should have prepared payroll certifications. We noted that for one of these employees, the employee's periodic payroll certification was not available. Salaries paid to this employee during the certification period in question totaled $12,523. Payroll certifications are required when employees work solely for one Federal program to support charges to Federal awards for salaries and wages. FAHCA has requested from the Federal Government, but has not received, an exemption to the requirement of payroll certifications for Medicaid staff.
Cause	Due to a position vacancy, periodic certifications were not requested from employees for the period ended September 2003.
Effect	Absent the required periodic certification, FAHCA had not fully substantiated the salary costs charged to the Medicaid program.
Recommendation	We recommend that FAHCA enhance procedures to ensure that periodic certifications are completed at least semiannually for employees working solely on one Federal award.
State Agency Response and Corrective Action Plan	We concur with the finding and recommendation. FAHCA has reestablished the practice of sending out bi-annual position certification requests to Medicaid program areas. Position certification requests were sent out in October 2004, and are scheduled to be sent out in April 2005.
Agency Contact and Telephone Number	Janet Parramore (850) 921-9141
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-074**
CFDA Number	93.778, 93.777, and 93.775
Program Title	**Medicaid Cluster**
Compliance Requirement	Program Income
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5028 2002-03 and 05-0405FL5028 2003-04
Finding Type	Reportable Condition
Finding	FAHCA did not have procedures in place to properly track drug rebates with regard to amounts disputed by drug labelers or to ensure that labeler disputes were resolved timely. Additionally, invoices were not always sent to the labelers on a timely basis.
Criteria	Drug Rebate Agreements between the Department of Health and Human Services and drug labelers instruct drug labelers and states to use their best efforts to resolve disputes within 60 days of receipt of notification of a dispute by a labeler. Also, the Centers for Medicare and Medicaid Services (CMS) Drug Rebate Operational Training Guide (Training Guide) provides that CMS will provide drug labeler data to the states within 45 days of the end of the quarter and that state invoices should be mailed to the labelers within 15 days of the receipt of the data from CMS.
Condition	According to FAHCA records, the amount due FAHCA from labelers for drug rebates totaled approximately $185 million at June 30, 2004. Of this amount, approximately $46.6 million consisted of rebates invoiced for periods prior to the June 2004 quarter. FAHCA did not have a system in place to properly monitor amounts in dispute nor were the disputed amounts resolved in a timely manner. Similar findings were noted in audit report 2004-168, finding No. FA 03-72. We also noted that the September 2003 invoices tested were mailed to labelers from 21 to 26 days later than the 60 days provided for in the Training Guide.
Cause	The drug rebate database is not sufficient to provide detailed information regarding specific labeler disputes. FAHCA has informed us that they are in the process of attempting to outsource the drug rebate program.
Effect	FAHCA is unable to determine whether they have received all amounts due from drug labelers. Delays in invoicing would similarly delay the collection of funds.
Recommendation	We recommend that FAHCA identify and monitor labeler disputes so that disputes are resolved in a timely manner and that invoices to labelers be sent timely.
State Agency Response and Corrective Action Plan	Invoices are sent to manufacturers as soon as they are generated. Occasionally, delays have occurred due to errors in the tapes that the state receives. Disputes are usually identified within the manufacturer's remittance from an invoice. Once identified, these disputes are noted and entered into our system. Attempts to resolve the disputes are then addressed by phone or via e-mail. FAHCA is working diligently to ensure that invoices are sent on a timely basis and disputes are addressed and resolved timely. FAHCA is outsourcing the drug rebate program and is currently in the process of writing the contract. The new contractor will be responsible for adhering to CMS and state rebate timelines.
Agency Contact and Telephone Number	Jerry Wells (850) 922-0681
Estimated Corrective Action Date	Outsourcing to be complete by December 31, 2005.

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-075**
CFDA Number	93.778, 93.777, and 93.775
Program Title	**Medicaid Cluster**
Compliance Requirement	Special Tests and Provisions – Utilization Control and Program Integrity
State Agency	**Florida Agency for Health Care Administration (FAHCA)**
Federal Grant/Contract Number and Grant Year	05-0305FL5028 2002-03, 05-0405FL5028 2003-04
Finding Type	Material Noncompliance and Reportable Condition
Finding	FAHCA did not diligently pursue or timely complete its investigations into suspected abuse.
Criteria	42 CFR 455.13 through 455.16, Program Integrity
Condition	Our review of 37 suspected abuse cases disclosed 22 cases in which FAHCA failed to diligently pursue or timely complete its investigations. While not indicative of the exceptions noted, we noted one case that was originally opened in February 1999 but, due to the age of the case, had to be closed and administratively reopened in August 2003. The case was still open as of October 2004. We also noted 9 instances in which documentation to evidence one or more dates on which an activity occurred was not in the applicable case file. In addition, of the 37 cases tested, FAHCA identified 3 cases for referral to the Medicaid Fraud Control Unit. In one instance the recommendation to refer was made on February 27, 2004, however, as of November 23, 2004, the referral to the Medicaid Fraud Control Unit had not been made. In audit report number 2004-168, finding No. FA 03-73, we noted instances in which FAHCA did not document all actions taken during investigations into suspected abuse.
Cause	FAHCA does not currently have adequate policies that establish specific standards, benchmarks, or file/case performance measurements regarding the diligent pursuit and timeliness of completion of cases within each stage of the investigation. In addition, management stated that high turnover, reorganization, and the implementation of a new case tracking system have contributed to the delays.
Effect	In the absence of diligently pursued and timely completed investigations of suspected abuse, such abuse could continue unimpeded for extended periods of time and the chances of meaningful recoveries of identified overpayments may be significantly reduced.
Recommendation	We recommend that FAHCA establish specific policies or benchmarks relating to the timely completion and adequate progress within each stage of suspected abuse investigations. Additionally, all cases in which suspected fraud is identified should be referred to the Medicaid Fraud Control Unit timely.
State Agency Response and Corrective Action Plan	FAHCA, Bureau of Medicaid Program Integrity (MPI) has been working toward implementation of performance standards and improving its processes for detecting potential issues to be audited as well as evaluating existing cases to determine the appropriateness of continuing to expend resources to process the audits. While employing this process, some cases were closed and administratively reopened because, due to the age of the case, the sample of claims that made up the basis for the audit was no longer appropriate. In order to refresh the sample it was necessary to have a new case number. FAHCA has continued to work to improve its documentation practices and will strive to include all documentation of all activities in the applicable case files.

Agency Contact and Telephone Number	Tim Byrnes (850) 921-1802
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-076**
CFDA Number	93.917
Program Title	**HIV Care Formula Grants (HIV)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	6 X07 HA 00057 2004 and 2 X07 HA 00057 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $68,216.87 ($46,590.48 Federal and $21,626.39 State)
Finding	The percentage of salary costs charged to the HIV Program exceeded actual time worked on the program. Additionally, time worked was not always documented in accordance with applicable cost principles.
Criteria	OMB Circular A-87, Attachment B, Section 8.h., *Support of Salaries and Wages* – Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.
Condition	We tested 55 HIV Care Formula Grant expenditures, 29 of which were salary payments. Our tests disclosed that for 4 salary payments the HIV Program was overcharged for salary expenses. For these items, FDOH charged a higher percentage of the employees' salaries and benefits to the HIV Program than time records supported. As a result, the HIV Program was overcharged $48,099.47 for salaries and benefits during the 2003-04 fiscal year. We also noted one instance in which FDOH was not able to provide a payroll certification for an employee working solely on HIV Program activities. The employee's salary and benefits charged to the HIV Program totaled $20,117.40 for the six-month certification period.
Cause	FDOH procedures are not sufficient to ensure that salaries and benefits are allocated to the appropriate program based on actual time worked.
Effect	The HIV Program was charged costs in excess of the actual benefits received.
Recommendation	We recommend that FDOH review its methodology for ensuring that salary costs are allocated appropriately based on documentation of actual time worked.
State Agency Response and Corrective Action Plan	Response: Steps will be taken to ensure that salary costs are charged consistently and documented properly. Corrective Action: 1) Reiterate the importance of maintaining documentation supporting all salary costs charged to the grant. Pull quarterly reports via the Financial Information System to show exactly where salary costs are being charged and make any necessary corrections; 2) Provide specific guidance to the counties on the appropriate use of ADAP administrative funding. Emphasize that costs may not be assigned to a grant as a direct cost if any other costs were incurred for the same purpose in like circumstances and allocated as indirect costs.
Agency Contact and Telephone Number	Tom Liberti, Chief, Bureau of HIV/AIDS (850) 245-4477
Estimated Corrective Action Date	April 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-077**
CFDA Number	93.917
Program Title	**HIV Care Formula Grants (HIV)**
Compliance Requirement	Eligibility
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	6 X07 HA 00057 2004 and 2 X07 HA 00057 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $188,146.96

Finding

FDOH did not consistently maintain adequate documentation of client eligibility.

Criteria

42 USC 300ff-26(b) Provision of Treatment – Eligible Individuals; 42 USC 300ff-27(b) State Application – Description of Intended Uses and Agreements; FDOH Acquired Immune Deficiency (AIDS) Drug Assistance Program (ADAP) Technical Assistance Guidelines

Condition

For 29 of 40 clients tested, FDOH did not have adequate documentation to support eligibility to receive benefits through the AIDS Drug Assistance Program (ADAP). These 29 clients received drug benefits valued at $188,146.96 during the 2003-04 fiscal year. Specifically:

- FDOH was unable to document that assets were less than $25,000 for 27 of 40 clients tested. FDOH personnel indicated that effective August 2004, an asset field was added to the ADAP database.
- For four clients (2 included above for lack of asset documentation), FDOH could not provide adequate income documentation, such as pay stubs or a self-declaration.
- In one instance, the client (also noted above for lack of asset documentation) was eligible for Medicaid during the time period in which he received drugs through the HIV Program. Clients eligible to participate in the Medicaid Program are not eligible to receive drugs through the HIV Program. Drugs received under the HIV Program during the time period in which the client was eligible for Medicaid totaled $3,956.32.

We also noted three clients where the income amount reported on the ADAP Enrollment/Reenrollment form was significantly different than the amount indicated on the income documentation provided. However, these differences did not affect the clients' eligibility to participate in the HIV Program.

Similar instances were also noted in report No. 2004-168, finding FA 03-75.

Cause

A field in the ADAP database for asset information was not added until August 27, 2004, subsequent to the end of the audit period. This field should prompt the case worker to request asset documentation. Additionally, procedures to obtain and retain other documentation were not always followed.

Effect

Drugs were issued to clients who may or did not meet eligibility requirements.

Recommendation

We recommend that FDOH ensure that asset amounts are included on the Eligibility Determination and Enrollment Form and that FDOH reinforce procedures that require documentation for eligibility determinations be obtained and properly maintained. We also recommend FDOH reimburse the HIV Program for the cost of the drugs received by the Medicaid-eligible client.

State Agency Response and Corrective Action Plan	Response: The "Assets" field in the ADAP database is now mandatory and the enrollment cannot be completed without providing this information. Corrective Action: With the inclusion of an "Assets" field in the ADAP database in August 2004, the inclusion of this information is now mandatory and the enrollment cannot be completed without providing this information. Periodic new staff trainings and conference calls targeted to all field ADAP staff will reinforce the requirement of obtaining appropriate documentation that supports program enrollment, as well as the need to inquire about any changes in third-party status such as Medicaid.
Agency Contact and Telephone Number	Tom Liberti, Chief, Bureau of HIV/AIDS (850) 245-4477
Estimated Corrective Action Date	August 31, 2004

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-078**
CFDA Number	93.917
Program Title	**HIV Care Formula Grants (HIV)**
Compliance Requirement	Procurement and Suspension and Debarment
State Agency	**Florida Department of Health (FDOH)**
Federal Grant/Contract Number and Grant Year	6 X07 HA 00057-13 2004 and 2 X07 HA 00057-14 2005
Finding Type	Material Noncompliance and Reportable Condition

Finding

FDOH did not always provide subrecipients with identifying CFDA numbers, titles, or Federal grantor agency names. Additionally, FDOH did not always obtain certifications of debarment and suspension from recipients of State matching funds.

Criteria

OMB Circular A-133 § ___.400(d) *Pass-through Entity Responsibilities* – A pass-through entity shall identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of the Federal agency.

45 CFR 92.24 Matching – Costs claimed as match must be allowable under the assistance agreement.

45 CFR 92.35 *Subawards to debarred and suspended parties* - Grantees and subgrantees must not make any award or permit any award to any party which is debarred or suspended or is otherwise excluded from participation in Federal assistance programs.

68 Federal Register 66547, November 26, 2003, Subpart C, __ __.300 *Governmentwide Debarment and Suspension (Nonprocurement)* – Effective November 26, 2003, a non-Federal entity entering into a covered transaction must verify that the entity is not suspended or debarred or otherwise excluded. FDOH has elected to obtain certifications from the entity prior to execution of each contract/subcontract. (FDOH *Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Contracts/Subcontracts Instructions*)

Condition

We reviewed 20 HIV subrecipient contracts totaling $25,342,504, to determine if FDOH had appropriately informed subrecipients of the information required by OMB Circular A-133. Our review disclosed:

- FDOH did not identify the CFDA title or the Federal agency in the 20 contracts reviewed.
- One contract to a subrecipient indicated that funds were to be paid from two different CFDA numbers; however, amounts were shown as being paid from one CFDA number.
- Seven of the contracts were state matching and did not include the applicable CFDA number. Two of the seven contracts did not identify the funds as matching, and one contract identified the funds as state financial assistance rather than state matching funds.
- FDOH did not obtain certifications of suspension and debarment from two subrecipients receiving state matching funds.

FDOH personnel indicated that they were in the process of establishing a unit to provide guidance to its contract managers on Federal requirements.

Cause

FDOH procedures were not adequate to ensure that all required information was included in applicable contracts. Additionally, FDOH personnel indicated that they

	were not aware that the provisions of OMB Circular A-133 applied to subrecipients receiving state matching funds. FDOH procedures for debarment and suspension did not require obtaining certifications from recipients of State matching funds.
Effect	When pass-through agencies fail to provide subrecipients with the information required by OMB Circular-A-133, assurance that Federal funds will be expended, accounted for, and audited in compliance with the applicable Federal requirements is reduced. Additionally, without obtaining and reviewing debarment and suspension certifications for potential contractors, FDOH does not have assurance that Federal funds are used only for allowable purposes.
Recommendation	FDOH should enhance efforts to ensure that all subrecipients are informed of the applicable Federal information and requirements. FDOH should also modify its debarment and suspension procedures to include contractors receiving State matching funds.
State Agency Response and Corrective Action Plan	Response: The Bureau has revised its checklist for reviewing contract documents starting fiscal year 04-05 to ensure that all contracts reference the correct CFDA number and list the applicable Federal requirements. Corrective Action: The Bureau of HIV/AIDS is working with the Office of Contract Administration to make this correction. Contract Administration is reviewing the Debarment Statement to determine if the wording needs to be changed or if modification to contract language is required. This correction will be implemented prior to July 1, 2005 when the contracts with matching funds start the next cycle.
Agency Contact and Telephone Number	Tom Liberti, Chief, Bureau of HIV/AIDS (850) 245-4477
Estimated Corrective Action Date	July 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-079**
CFDA Number	93.959
Program Title	**Block Grants for the Prevention and Treatment of Substance Abuse**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	03B1FLSAPT-01 2002-04 and 04B1FLSAPT-01 2003-05
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $98,101

Finding

FDCFS procurement practices did not give due consideration to the Florida Legislature's intent regarding fair and open competition.

Criteria

45 CFR 92.36 (a) – When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

Section 287.001, Florida Statutes - The Legislature recognizes that fair and open competition is a basic tenet of public procurement; that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically; and that documentation of the acts taken and effective monitoring mechanisms are important means of curbing any improprieties and establishing public confidence in the process by which commodities and contractual services are procured.

Condition

Utilizing the exemption provided in Section 287.057(f) 13., Florida Statutes, which indicates that services or commodities provided by governmental agencies are not subject to competitive solicitation, FDCFS awarded a contract totaling $679,980 to Florida State University (FSU) for the administration of mini grants given to coalitions across the State. As described below, FDCFS did not provide assurance through contract terms and execution that certain costs charged under the contract were necessary and reasonable:

- FDCFS paid FSU a total of $676,372 during the contract, which resulted in $73,915 in excess of costs identified by FSU as having been incurred to carry out the contract terms. The residual amount was retained by the university. Because FDCFS and FSU are components of the State government, the residual amount retained by FSU is not the result of an arm's length transaction. Consequently, the residual amount, although disbursed by FDCFS to FSU, would not be considered to have been spent for the Program.
- The contract included provisions for indirect costs totaling $31,429. According to FSU records, the university charged FDCFS indirect costs totaling $24,186. According to FDCFS staff, allowable indirect costs of 5 percent of the contract amount were included in the contract. However, the FDCFS did not adequately document the determination that the amount of indirect costs allowed was reasonable based on the nature of the contract and the associated administrative activities.

Cause

Inadequate procedures regarding methods of procurement and pricing, and misapplication of statutory exemptions were contributing factors in the above-noted instances.

Effect

The contract resulted in a residual amount, which FSU is not obligated under the contract to use for Program purposes. Amounts paid for indirect costs may not be necessary and reasonable. Absent competition or documentation clearly outlining that the procurement decisions were in the best interest of the State agency and Federal grantor agency, there is little confidence that the contract was awarded

equitably and economically.

Recommendation

We recommend that FDCFS enhance its policies and procedures as necessary to ensure that it obtains the best prices and terms and conditions available and that such prices and terms and conditions are in compliance with State and Federal laws. Furthermore, we recommend that FDCFS fully document all decisions made in the procurement process, including the selection of a contractor, the contract terms and price, legal interpretations, etc., and conclusions regarding compliance with State and Federal laws. We also recommend that FDCFS evaluate its contract pricing methods for contracts that are not subject to arms length bargaining or competitive solicitation.

If appropriate, based on the Federal agency determination as to the reasonableness of the costs incurred under the above-noted contracts, we recommend that FDCFS restore to the grant the residual amount retained by FSU ($73,915), indirect costs ($24,186) and seek reimbursement from FSU.

State Agency Response and Corrective Action Plan

The department concurs with the recommendations. To correct these problems the Substance Abuse Program will take the following actions:

- Implement procedures outlined in the department's procedure for approving non-competitive/non-client contracts, CDA 05-14, published on November 8, 2004.
- Follow the guidelines as defined in CFOP 75-2 (Appendix O, Cost Price Analysis) when developing a cost analysis to determine the appropriateness and reasonableness of the potential provider's cost elements. The contract for the period of July 1, 2004 through June 30, 2005 with Florida State University, for these same services, is based on such an analysis.
- With regard to the return of residual funds ($73,915) retained by FSU, the Substance Abuse Program will work with the Inspector General's Office to request that FSU provide documentation of expenditures related to this contract. If documentation of eligible expenditures is not justified, the department will request a repayment of these funds to the department.
- With regard to seeking repayment of indirect costs ($24,186), the Substance Abuse Program bases the determination of the indirect cost rate on Section 216.346, F.S., which offers a description of how the indirect costs are determined for State Universities and other state agencies. In future contracts, the Substance Abuse Program will require that a justification of the indirect cost rate be included in the contract file.

Agency Contact and Telephone Number

John Bryant, Chief of Operations, Substance Abuse Program
(850) 413-6779

Estimated Corrective Action Date

June 15, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-080**
CFDA Number	93.959
Program Title	**Block Grants for Prevention and Treatment of Substance Abuse (Substance Abuse Prevention and Treatment (SAPT) Block Grant)**
Compliance Requirement	Activities Allowed or Unallowed
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	03B1FLSAPT-01 2002-04 and 04B1FLSAPT-01 2003-05
Finding Type	Reportable Condition Questioned Costs - $178,411.79

Finding

Grant funds were used to provide financial assistance (i.e., a subgrant) to an entity other than a public or non-profit entity.

Criteria

45 CFR 96.135 (a)(5), Restrictions on expenditure of grant

Condition

We tested 35 expenditure items and noted that in one instance, FDCFS subgranted funds to a for-profit entity totaling $127,600. Through further inquiry, we discovered that FDCFS subgranted funds to two additional for-profit entities totaling $50,811.79. For-profit entities are not eligible to receive subgrants under this program.

A similar finding was noted in audit report No. 2004-168, finding No. FA 03-77.

Cause

FDCFS did not ensure that all providers receiving SAPT financial assistance were public or non-profit entities. FDCFS did not send a policy directive to the contract administrators regarding this requirement until December 6, 2004.

Effect

SAPT funds were inappropriately used to provide financial assistance to unallowed organizations. USDHHS may disallow expenditures totaling $178,411.79.

Recommendation

We recommend that FDCFS ensure that only public or non-profit entities receive SAPT financial assistance and that FDCFS develop guidance for staff regarding allowable subgrants.

State Agency Response and Corrective Action Plan

The department concurs with the recommendation. In SFY 2002-03, district ADM programs contracted with for-profit provider organizations using an OCA which contained both state and federal block grant funds. The department repaid the ineligible expenditures to the DHHS in December 2004. The department will also be required to reimburse the federal government for the unallowable expenditures identified in SFY 2003-04 totaling $178,411.79. These expenditures will be reimbursed from current year district allocations where the expenditures occurred.

To correct this problem, the department required all district ADM programs to review current year contracts to determine if they were operating in compliance with the federal requirement that "SAPT block grant funds cannot be contracted and/or subcontracted with for-profit agencies." District ADM programs were required to review provider contracts to ensure that block grants funds were not included in contracts using the combined state and federal funded OCA with for-profit agencies/organizations. In every instance where this occurred, districts were instructed to initiate contract amendments to change the funding sources in those contracts to a state-funded only OCA. Expenditures in FLAIR also were required to be corrected.

The Substance Abuse Program developed a Substance Abuse and Mental Health Program Directive (SMHPD 04-10) to address unallowable contracting activities. The policy directive addresses all ADM contracts and extends to all sub-contracts. This has been placed on the Substance Abuse and Mental Health Contract

	Management Web-site.
Agency Contact and Telephone Number	John Bryant, Chief of Operations, Substance Abuse Program (850) 413-6779
Estimated Corrective Action Date	Completed - February 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-081**
CFDA Number	93.959
Program Title	**Block Grants for Prevention and Treatment of Substance Abuse (Substance Abuse Prevention and Treatment (SAPT) Block Grant)**
Compliance Requirement	Matching, Level of Effort, Earmarking
State Agency	**Florida Department of Children and Family Services (FDCFS)**
Federal Grant/Contract Number and Grant Year	03B1FLSAPT-01 2002-04 and 04B1FLSAPT-01 2003-05
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - $4,883,137
Finding	FDCFS did not meet the required level of effort.
Criteria	45 CFR 96.134 (a), Maintenance of effort regarding State expenditures
Condition	Our analysis of SAPT expenditures disclosed that FDCFS did not meet the required level of effort for the 2003-04 state fiscal year. Based on the average level of expenditures for the two previous state fiscal years the level of effort requirement for 2003-04 state fiscal year totaled $66,145,265. The actual state expenditures totaled $61,262,128 for a shortfall of $4,883,137.
Cause	The shortfall was a result of a reduction in state expenditures and inadequate monitoring.
Effect	The Federal requirements were not satisfied, which could result in a reduction of future Federal assistance.
Recommendation	We recommend that FDCFS enhance its efforts to ensure compliance with the level of effort requirements.
State Agency Response and Corrective Action Plan	The department concurs with the recommendation. The Substance Abuse Program does not meet the required level of state expenditures to satisfy requirements for Maintenance of Effort (MOE) in the Substance Abuse Prevention and Treatment Block Grant (SAPT BG) for SFY 2004. Several factors contributed to the state not meeting these requirements. In State Fiscal Year (SFY) 2003, the Substance Abuse Program was appropriated more than a sufficient budget to meet the block grant MOE requirements for SFY 2003. However, in SFY 2004, the legislature reduced the state appropriations for substance abuse services by $5.3 million. Based on the average state expenditures for the prior two year funding periods, the MOE expenditure amount for SFY 2004 was set at $66,145,265. Therefore, the total amount of state funds allocated to the Substance Abuse Program was not sufficient to meet federal MOE requirements. In reviewing the methodology used for reporting state expenditures, it was discovered that the department reported state expenditures as of June 30, 2004. The query used to generate this information included certified forward expenditures from the prior state funding period which indicated that certified forward expenditures were being moved forward and reported as current year expenditures. The practice of moving certified forward expenditures to the next fiscal year served to artificially inflate the SAPT MOE requirements and place the state and SAPT Program in jeopardy of loosing federal resources needed to support substance abuse prevention and treatment activities throughout Florida. A change in the methodology for reporting state expenditures was required so that the department could more accurately report state expenditure activities to meet the requirements of the SAPT Block Grant. Therefore, the Substance Abuse Program Office, with concurrence from the Office of Revenue Management, revised the methodology for reporting MOE to count

certified forward expenditures in the year state funds are budgeted and expended, rather than moving certified forward state expenditures to the next state fiscal year. The revised MOE methodology yields a shortfall of $2.6 million of the amount required for FY 2005 SAPT Block Grant to meet MOE requirements. This change in methodology required a revision to the MOE Table 1 expenditures reported in the State Uniform SAPT Block Grant Applications for SFY 2001-02, SFY 2002-03, and SFY 2003-04. Authorization will be requested to access the FY 2005 State Uniform SAPT Block Grant Application electronically to make these corrections via the Block Grant Application System (BGAS).

A letter dated January 7, 2005 was sent to the Administrator for the Substance Abuse and Mental Health Services Administration, requesting an expedited approval of the state's 2005 SAPT Block Grant Application. The state's application was approved on 1/28/05. A follow-up letter will be prepared that will update the previously submitted MOE Analysis Chart with a request for consideration of Florida's "material compliance" with FY 2005 MOE requirements.

The department will monitor provider expenditure of state and federal funds on at least a quarterly basis using FLAIR to ensure the expenditures are properly recorded in the appropriate budget entity, fund sources and categories. These activities will be coordinated with the Office of Revenue Management to ensure that the department provides accurate expenditure information in its reports to DHHS for the SAPT BG.

Agency Contact and Telephone Number

John Bryant, Chief of Operations, Substance Abuse Program
(850) 413-6779

Estimated Corrective Action Date

March 15, 2005

Auditor's Remarks

Since the FDCFS revised the methodology for calculating MOE subsequent to our fieldwork, we will evaluate the methodology in future audits.

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-082**
CFDA Number	Various
Program Title	**Various (See Condition)**
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance Questioned Costs – $47,120.45

Finding

FDCA charged payments to employees for unused leave as direct costs to various Federal programs contrary to OMB Circular A-87.

Criteria

OMB A-87, Attachment B, Section 11.d., *Fringe Benefits*

Condition

Our review disclosed that payments totaling $47,120.45 for unused leave were made to employees during the 2003-04 fiscal year and charged as a direct cost to four Federal programs. Direct charges to Federal programs for unused leave during the 2003-04 fiscal year were as follows:

- US Department of Energy – State Energy Program CFDA No. 81.041 ($864.71) Federal Grant Number DE-FG44-00R410760, and Weatherization Assistance for Low Income Persons CFDA No. 81.042 ($464.61) Federal Grant Number DE-FG44-02R410842.
- US Department of Homeland Security – FEMA Public Assistance Grants CFDA No. 97.036 ($11,650.10) Federal Grant Numbers FEMA 1300-DR-FL, FEMA 1306-DR-FL, FEMA 1393-DR-FL, and Emergency Management Performance Grants CFDA No. 97.042 ($34,141.03) Federal Grant Numbers EMA-2003-GR-5302, EMA-2004-GR-5001.

Cause

FDCA did not have a procedure to identify and charge payments for unused leave to indirect costs instead of direct program costs.

Effect

Federal program funds were used to pay expenses that should have been charged to all FDCA activities and the Federal programs above may have been overcharged by directly charging payments for unused leave.

Recommendation

We recommend that the FDCA establish procedures to charge unused leave payments as a general administrative expense allocated to all activities of the FDCA as an indirect cost. We also recommend that the FDCA reimburse the programs listed above for the charges related to unused leave.

State Agency Response and Corrective Action Plan

At present, the DCA Indirect Cost Plan does not provide that indirect assessments be made against the program direct wage base to collect revenue and provide for the payment of leave payouts from a general administrative fund. This plan and the related methodology has been in place and approved by the Federal cognizant agency for DCA, Department of Justice, for numerous years; FEMA also reviewed and approved our plan/methodology in 1999-2000. Also, the legislative appropriation for the department has not in the past and does not currently provide sufficient authority in the Administrative Trust Fund to process all department leave payouts.

Both these situations may be remedied for the future, but would require: 1) revision to the department's indirect cost plan and reapproval by the DOJ and FEMA, and 2) revision to the agency's legislative budget for the Administrative Trust Fund to accommodate these payouts from a general administrative fund.

However, if the OMB circular language is to prevent a specific program from bearing the cost of leave accumulations over a period of several years and possibly from several different programs and/or agency affiliations, then the state as a whole should address leave payouts on a statewide perspective to prevent an agency from paying a large leave payout accrued from one or more agencies that previously employed the individual. This could be accomplished through the SWCAP process.

Agency Contact and Telephone Number

Annette C. Kittrell, Chief, Finance and Accounting
(850) 922-1665

Estimated Corrective Action Date

No date is estimated at this time. More appropriate would be that a statewide review and resolution of this issue be performed before significant changes are made to our currently approved processes.

Auditor's Remarks

OMB Circular A-87 clearly provides that payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit.

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-083**
CFDA Number	97.004
Program Title	**State Domestic Preparedness Equipment Support (SDPES) Program**
Compliance Requirement	Equipment and Real Property Management
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	2002-TE-CX-0127 and 2003-TE-TX-0177
Finding Type	Material Noncompliance and Reportable Condition

Finding

FDCA did not maintain complete and accurate records in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem (FDCA property records) for equipment purchased with SDPES Program funds.

Criteria

28 CFR 66.20, *Standards for Financial Management Systems;* 28 CFR 66.32, *Equipment;* Florida Auditor General Rule 10.300, *State-Owned Tangible Personal Property*

Condition

In our review of 18 equipment items purchased with SDPES funds, we noted that FDCA did not record in the FLAIR Property Subsystem 14 equipment items totaling $45,547.30 that were more than $1,000. One additional item for $38,584.28 was improperly recorded in the property records at $77,463.38 (approximately twice its cost) and upon physical inspection did not have a FDCA property tag. Another item for $4,330 posted to the FDCA property records did not have required information, such as description and location, in the FLAIR property records to identify the item.

Cause

FDCA procedures for recording equipment purchases were not sufficient to ensure that all equipment purchased with SDPES funds and retained by the Department was properly recorded in the property records.

Effect

Failure to properly record FDCA property limits management's ability to ensure that assets are used for authorized Program purposes and additionally, that grantor requirements are considered if the assets are subsequently sold or used for other than SDPES Program purposes.

Recommendation

We recommend that the FDCA enhance procedures to ensure that all equipment purchased with SDPES funds and retained by FDCA is properly identified and properly recorded in the FLAIR Property Subsystem.

State Agency Response and Corrective Action Plan

The Department of Community Affairs, Property Analyst did in fact not follow agency procedures to tag property items over $1,000 that ended up staying in our possession. The majority of the items in the survey were purchased on orders along with equipment that was distributed to outside entities and therefore not tagged with a DCA property tag. In these cases the property analyst was not given notice - the normal paperwork to create a need for a property tag. Based on the object code utilized in the purchase order, the items were not identified to the property analyst. The distribution lists for these type purchases are often long and entailed but the originating office and the purchasing office will have to make a concerted effort in order to identify the items that stay in the possession of DCA and let the property analyst know. The items with the identifiable object codes (516000, etc) had tags waiting for them but had never been ackowledged as being received. This is a follow-up issue that the property analyst must stay on top of to ensure that items get tagged in a timely manner by contacting the originating unit to check status. These items are in the process of being tagged.

Agency Contact and Telephone Number	David Perrin, Purchasing Director (850) 922-1717
Estimated Corrective Action Date	05/30/2005

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-084**
CFDA Number	97.004
Program Title	**State Domestic Preparedness Equipment Support (SDPES) Program**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	2000-TE-CX-0164, 2002-TE-CX-0025, and 2002-TE-CX-0127
Finding Type	Material Weakness and Reportable Condition

Finding

FDCA did not complete basic monitoring procedures to ensure equipment distributed to subrecipients was properly accounted for and utilized for appropriate purposes, and to ensure that subrecipients are fulfilling Program requirements.

Criteria

OMB Circular A-133, §___.400(d)(3), *Pass-through Entity Responsibilities;* 28 CFR 66.32, *Equipment;* 28 CFR 66.40, *Monitoring and Reporting Program Performance*

Condition

The FDCA entered into 142 equipment distribution agreements with over 100 State and local government entities from May 2002 to June 2004 for equipment valued at $21,458,114 which was purchased in bulk with SDPES Program funds and distributed by FDCA to the subrecipient entities. The agreements were for the purpose of receiving specialized equipment and participation in the State of Florida Terrorism Response System. The FDCA has begun a reconciliation of the equipment ordered by the FDCA's Division of Emergency Management (DEM) with equipment shipped to and received by subrecipients by sending requests in March 2004 to 43 of the subrecipients to complete and return Equipment Inventory Reconciliation Forms. The FDCA has received completed reconciliation forms from 36 of the 43 subrecipients.

Management procedures including the reconciliations noted above and consideration of site visits, which would include on-site inventory and reconciliation by FDCA of subrecipient equipment with items shipped to subrecipients. However, the FDCA has performed only 2 on-site monitoring visits as of December 2004. In addition, we determined from our review of contract monitoring files for five of the equipment distribution agreements, that subrecipients had not submitted required annual reports to verify the subrecipient's participation in required regional training events and exercise or terrorist event simulations each year. In response to our verbal requests regarding how many annual reports they had actually received, FDCA personnel indicated that they had not received annual reports from most of the subrecipients of SDPES equipment.

Cause

FDCA did not have adequate monitoring procedures in place to ensure that equipment distributed to subrecipients under the SDPES program is properly accounted for and inventoried and that the equipment is utilized for Program purposes. Moreover, FDCA did not enforce its requirement that subrecipients submit annual reports of participation in training events and simulations.

Effect

Absent adequate monitoring of equipment distributed to subrecipients, FDCA has limited assurance that the SDPES equipment is properly accounted for, utilized, and maintained so that it will be functional and available when circumstances arise for its use. Also, without monitoring procedures to ensure the subrecipients' participation in required training events and simulations, the FDCA has limited assurance that subrecipients have fulfilled Program requirements.

Recommendation

We recommend that the FDCA implement procedures for monitoring subrecipients and ensure that subrecipients provide annual reports.

State Agency Response and Corrective Action Plan

As discussed in the exit audit conference, the Division is extremely proud of its overall program performance in implementing the Domestic Security Preparedness Equipment Support Program. Millions of dollars in cost savings were realized through the Division's bulk purchase and field delivery of equipment. More importantly, this purchasing method ensured a uniform product across the state. This type of consistency is key to a successful multi-agency, multi-discipline response.

In addition, the Division demonstrated its capabilities to implement a new, complex and high profile grant program with little start up time and limited administrative allowances. Each year's funding allocation came with new directives and revised eligibility requirements, yet the program did not lose its focus to spend the funds in a strategic manner to meet goals and objectives of Florida's Domestic Security Strategy.

Finally, the program is proud of its national reputation for effectiveness and innovation. Multiple federal oversight groups have scrutinized the Division's procedures and processes under this grant program, both at the Division's headquarters location and in the field, and have subsequently offered them to others nationwide as examples of success.

The Division respectfully acknowledges the audit finding and recommendation and as stated in the exit interview will continue to balance the adequacy of its monitoring activities with the overall effectiveness and strategic goals of the federal grant program and the state's overall Domestic Security Strategy.

Agency Contact and Telephone Number

Eve Rainey, Chief
Bureau of Compliance Planning and Support
Division of Emergency Management
(850) 413-9914

Estimated Corrective Action Date

It is difficult to anticipate the change in Federal Regulations during an emergency, such as the September 11, 2001 disaster; however, the cited equipment distribution procedure was discontinued, and additional monitoring efforts will result to ensure equipment distributed to subrecipients is properly accounted for.

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-085**
CFDA Number	97.004
Program Title	**State Domestic Preparedness Equipment Support Program**
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	2002-TE-CX-0025, 2002-TE-CX-0127, 2003-TE-TX-0177, and 2003-MU-T3-0032
Finding Type	Other

Finding

FDCA did not have adequate procedures for coding equipment distributions (expenditures) to subrecipients to ensure that such expenditures were accurately reported on its Schedule of Expenditures of Federal Awards (SEFA).

Criteria

OMB Circular A-133, § ___.310(b), Schedule of Expenditures of Federal Awards; Schedule of Expenditures of Federal Awards Agency Guidelines (Florida Department of Financial Services)

Condition

FDCA did not accurately identify expenditures made by entity type (i.e., other State agencies, universities, community colleges, and non-State recipients) on FDCA's SEFA. Each department SEFA is used in the compilation of the State SEFA. Consequently, the State agencies, universities, and community colleges within the State reporting entity must identify expenditures associated with grants, agreements, or contracts among the entities that comprise the State reporting entity. In addition, expenditures associated with subrecipient relationships with entities outside the State reporting entity must also be identified.

Of the $34,734,367 in expenditures reported for this program, $19,536,401 or 56 percent was for equipment distributed to other State agencies and subrecipients that was not reported as such on FDCA's SEFA. Amounts omitted are as follows:

- Other State of Florida agencies - $2,667,902
- State universities - $292,107
- State community colleges - $13,468
- Non-State entities - $16,562,924

Cause

Procedures had not been established by FDCA to capture and report equipment distributions made and the information in the Florida Accounting Information Resource Subsystem did not separately identify these equipment distributions.

Effect

The failure to accurately identify expenditures by entity type limits assurance that the FDCA SEFA is a reliable source for the State SEFA. Consequently, the State's SEFA did not include $16,562,924 as transfers to subrecipients.

Recommendation

FDCA should maintain appropriate accounting records to facilitate a summarization of the amount of Federal assistance provided to other entities and should accurately report this information on FDCA's SEFA.

State Agency Response and Corrective Action Plan

The DCA's SEFA report currently reflects disbursements recorded in the state's accounting system directly to other state agencies, local governments and colleges/universities. The expenditures in question were made to private vendors under the Florida Statutes Chapter 287 Procurement Law and Chapter 215 Prompt Payment Law. As such, the payments to vendors for this equipment were not recorded in a cost accumulator titled for other state or local entities and were not included in the SEFA as payments to local governments, etc. These payments to vendors were processed under Chapter 215 Prompt Payment Laws governing all payments to vendors for goods and services (does not include subgrantee payments to local governments or other state agencies; Chapter 69I-24, F.A.C.). There were instances of prompt payment violations related to the

lengthy payment processing time due to goods being shipped to and received by local governments and other state agencies, at many locations throughout the state.

We have no objection to these payments being considered assistance to local governments, but as such, and due to the payment processing dependent on local government confirmations, we believe the payments should be exempt from Chapter 215 requirements if concurrence is made that the expenditure is "assistance to local governments, etc.". The disbursements to vendors are segregated in the accounting system using grant and object code identifiers, which can be expanded to further define to whom the payments are made; this will be implemented with future payments. This cost code expansion could improve the visibility of the amounts distributed to other entities by segregating the expenditures as "assistance to local governments, state agencies, etc. to provide an exemption from the Prompt Payment Law.

Agency Contact and Telephone Number

Annette C. Kittrell, Chief
Finance and Accounting
(850) 922-1665

Estimated Corrective Action Date

Codes will be developed to segregate expenditures by March 31, 2005.

Auditor's Remarks

Payments to vendors for equipment purchases are not Federal financial assistance. However, the distribution of equipment purchased with Federal funds to subrecipients is Federal financial assistance and should be shown accordingly in the SEFA as Transfers to Subrecipients.

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-086**
CFDA Number	93.568, 97.004, and 97.036
Program Title	**Low Income Home Energy Assistance Program, State Domestic Preparedness Equipment Support Program, and FEMA Public Assistance Grants Program**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDCA has not established procedures to identify subrecipients that are required to have an audit completed or ensure that all subrecipient audits with findings are submitted to FDCA.
Criteria	OMB Circular A-133 §___.200, *Audit Requirements*; §___.320, *Report Submission;* and §___.400, *Pass-through Entity Responsibilities*
Condition	FDCA has not established a Departmentwide information system to enable FDCA personnel to identify subrecipients that are required to have an audit conducted, those that are required to submit an audit report to FDCA, and the status of any required follow-up. Such an information system should provide the data necessary (e.g., amounts distributed to subrecipients by Federal fiscal year, required audit reports, received audit reports, nature of audit findings, and status of required follow-up) for the establishment and implementation of adequate monitoring procedures. A similar finding was noted in audit report No. 2004-168, finding No. FA 03-30, with regard to the FEMA Public Assistance Grants Program, FEMA Hazard Mitigation Program, and the United States Department of Housing and Urban Development Community Development Block Grants Program.
Cause	FDCA personnel indicated that they are waiting on the State's new accounting system.
Effect	Absent an information system to provide the necessary data, FDCA cannot consistently identify which subrecipients are required to have an audit conducted, which subrecipients are required to submit an audit report to FDCA, and the status of any required follow-up. For example, we reviewed 30 subrecipient audit reports and noted that only 7 of those audit reports contained findings that would require the audit report to be submitted to FDCA.
Recommendation	FDCA personnel indicated that implementation of the State's new accounting system, currently planned for July 2005, will enable FDCA to correct this deficiency. We recommend that FDCA implement procedures to determine which of its subrecipients are required to have an audit completed and to ensure that those audit reports with findings are submitted.
State Agency Response and Corrective Action Plan	Subrecipients for the Low Income Energy Assistance Program are reviewed on a case-by-case basis as to their audit needs. Program staff have participated in JAD sessions to develop the Departmentwide audit tracking component for the Grant Management Information System due to go online February 2006.
Agency Contact and Telephone Number	Ken Reecy, Community Program Manager Division of Housing and Community Development (850) 922-1844
Estimated Corrective Action Date	February 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-087**
CFDA Number	14.228 and 97.036
Program Title	**Community Development Block Grant (CDBG) and FEMA Public Assistance Grants Program (PA)**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance and Reportable Condition
Finding	FDCA did not always appropriately document the effects of noncompliance reported in subrecipient audit reports or issue management decisions to ensure that corrective actions were taken.
Criteria	OMB Circular A-133 §___.400(d), *Pass-through Entity Responsibilities*
Condition	We examined FDCA records documenting the receipt, review, and applicable follow-up of 7 subrecipient audit reports with audit findings relating to awards to subrecipients. FDCA staff did not correctly document the effects of noncompliance or initiate appropriate follow-up for 2 of the 7 required audit reports. Additionally, the FDCA did not issue a management decision on audit findings for 1 of the 2 required audit reports.
Cause	FDCA did not consistently follow established procedures pertaining to the review and follow-up of subrecipient audit findings.
Effect	Absent consistent application of subrecipient audit report review and follow-up procedures, FDCA has limited assurance that required follow-up on audit findings is performed to ensure prompt corrective actions.
Recommendation	We recommend that FDCA ensure that established procedures pertaining to the review and follow-up of subrecipient audit findings are consistently applied and properly documented.
State Agency Response and Corrective Action Plan	Subrecipients are reviewed on a case-by-case basis regarding the receipt, review, and follow-up and will correctly document the effects of noncompliance or initiate appropriate follow-up and required management decisions where applicable based upon audit needs. The DCA Inspector General's Office that handles this function reviews approximately 700 contracts and has been plagued with 100% staff turnover of those assigned this responsibility thereby eliminating trained staff assigned to this task. It is anticipated this issue will be resolved shortly.
Agency Contact and Telephone Number	Ken Gesser Management Review Specialist Inspector General's Office (850) 922-1612
Estimated Corrective Action Date	December 2005

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	**FA 04-088**
CFDA Number	97.036
Program Title	**FEMA Public Assistance Grants (PA)**
Compliance Requirement	Subrecipient Monitoring
State Agency	**Florida Department of Community Affairs (FDCA)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDCA monitoring procedures did not provide for a determination as to whether FEMA PA subgrantees complied with applicable requirements regarding suspension and debarment.
Criteria	44 CFR Part 17, *Governmentwide Debarment and Suspension (Nonprocurement*) 44 CFR Part 13, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*
Condition	None of the 10 FDCA subgrant project files we reviewed documented actions taken by the FDCA to determine whether subgrantees complied with suspension and debarment requirements applicable to covered transactions. A similar finding was noted in audit report No. 2004-168, finding No. FA 03-29.
Cause	Procedures had not been established to ensure applicant funding agreements, various monitoring documents, and applicant closeout agreements included subrecipient requirements regarding the use of suspended and debarred parties.
Effect	Subgrantees may have entered into contracts with suspended or debarred parties without timely detection.
Recommendation	FDCA management indicated that the PA Grant's funding and monitoring documents would be updated to include these requirements. FDCA should enhance monitoring procedures to include a determination as to whether subrecipients complied with the suspension and debarment requirements.
State Agency Response and Corrective Action Plan	We have informed the subgrantee that they could not use Debarred Contractors in our agreements. From 1999, FEMA-1306-DR-FL Disaster Relief Funding Agreement, Paragraph 14, Nondiscrimination/Contractors: "The Subgrantee shall comply with federal regulations concerning the General Services Administration Consolidated List of Debarred, Suspended and Ineligible Contractors, as provided for in 44 CFR Part 17." This requirement continued through the Agreements for the 2004 Hurricanes: ARTICLE XIV. Nondiscrimination by Contractors. "Subgrantee shall also be subject to the requirements in the General Services Administrative Consolidated List of Debarred, Suspended and Ineligible Contractors, in accordance with 44 C.F.R Part 17." The Request for Large Project Final Inspection form the applicant fills out now has the question: "DEBARRED, SUSPENDED AND INELIGIBLE CONTRACTORS, HAVE NOT BEEN USED."
Agency Contact and Telephone Number	Frank J. Koutnik, Deputy State Coordinating Officer Disaster Field Office, 100 Sunport Lane Orlando, Florida 32908 PH: (407) 858-4946, FAX: (407) 850-7501
Estimated Corrective Action Date	Already implemented.

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STATE UNIVERSITIES AND COMMUNITY COLLEGES
SUMMARY OF QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2004

Compliance Requirement/ Institutions	Total Questioned Costs	Questioned Costs Restored	Net Questioned Costs
Student Financial Assistance Cluster			
***ELIGIBILITY* - Finding No. FA 04-090/091**			
Overawards:			
University of West Florida	$ 7,451	$ 7,451	$ -
St. Johns River Community College	20,512	,512	-
Total	27,963	,963	-
***CASH MANAGEMENT* - Finding No. FA 04-092**			
Prohibition on Escheating of Title IV Funds:			
Florida Agricultural and Mechanical University	unknown		unknown
Florida Atlantic University	unknown		unknown
Florida International University	113,960	-	113,960
Florida State University	28,002	-	28,002
University of Central Florida	12,629	348	12,281
University of South Florida	18,530	-	18,530
University of West Florida	19,656	-	19,656
Broward Community College	7,373	-	7,373
Central Florida Community College	642	-	642
Edison College	2,510	-	2,510
Gulf Coast Community College	1,612	-	1,612
Hillsborough Community College	10,052	-	10,052
Lake-Sumter Community College	4,865	-	4,865
Manatee Community College	5,231	-	5,231
Miami Dade College	28,851	-	28,851
North Florida Community College	794	-	794
St. Petersburg College	4,834	-	4,834
Valencia Community College	2,784	-2,	784
Total	2842,325	266	1,977
***CASH MANAGEMENT* - Finding No. FA 04-096**			
FPL - Other Earnings			
Florida Agricultural and Mechanical University	6,984	-6,	984
***SPECIAL TESTS AND PROVISIONS* - Finding No. FA 04-099**			
Return of Title IV HEA Funds (Official Withdrawals):			
Florida Agricultural and Mechanical University	2,987	-	2,987
Hillsborough Community College	628	-	628
Miami Dade College	1,389	1,389	-
St. Petersburg College	31,295	1,543	752
Total	82,299	5,932	367
***SPECIAL TESTS AND PROVISIONS* - Finding No. FA 04-100**			
Return of Title IV HEA Funds (Unofficial Withdrawals):			
Florida Agricultural and Mechanical University	729	-	729
Florida Atlantic University	3,533	3,533	-
Florida State University	2,808	-	2,808
University of Central Florida	82	82	-
University of North Florida	3,180	3,180	-
University of West Florida	2,814	2,814	-
Central Florida Community College	3,050	3,050	-
Gulf Coast Community College	6,907	6,907	-
Hillsborough Community College	7,372	6,934	438
Lake-Sumter Community College	91	91	-
Miami Dade College	436	436	-
Polk Community College	3,232	3,232	-
Seminole Community College	565	-56	5
Total	340,799	4,,259	540
***SPECIAL TESTS AND PROVISIONS* - Finding No. FA 04-101**			
Non Attendance:			
University of Central Florida	147,,138	12586	,552
Total (SFA)	$ 3667,508	$ 29088	$ 1,420

U.S. DEPARTMENT OF EDUCATION

Finding Number **FA 04-089**

CFDA Number 84.007, 84.033, 84.038, 84.063, and 84.268

Program Title **Student Financial Assistance Cluster (SFA)**
Federal Supplemental Educational Opportunity Grants (FSEOG)
Federal Work-Study (FWS)
Federal Perkins Loans (FPL)
Federal Pell Grant Program (PELL)
Federal Direct Student Loans (FDSL)

Compliance Requirement Standards of Administrative Capability

State Educational Entity **State Universities and Community Colleges – Florida Agricultural and Mechanical University (FAMU)**

Finding Type Material Noncompliance and Reportable Condition

Finding

The institution is not administering the Title IV HEA federal programs in compliance with the Standards of Administrative Capability.

Criteria

34 CFR 668.16

Federal regulations require that for an institution to continue to participate in any Title IV HEA program the institution shall demonstrate to the Secretary of the USED that it is capable of adequately administering that program under various standards established in Title 34, Section 668.16, Code of Federal Regulations. These administrative capability standards include, among other items:

- The institution's ability to administer the Title IV HEA programs in accordance with all statutory provisions;
- The use of an adequate number of qualified persons to administer the programs in which the institution participates. Factors to be considered for staff size include the number and types of programs, number of student aid applications evaluated, the number of students and amount of funds administered, the financial aid delivery system used, the degree of office automation, and the number and distribution of financial aid staff;
- The administration of the programs with adequate checks and balances in its system of internal controls, including separating the functions of authorizing payments and disbursing or delivery of funds;
- Establishing and maintaining records required by regulations and the program; and
- Maintaining a cohort default rate of 15 percent of less for FPL program loans.

Condition

The institution disbursed approximately $84.5 million in Title IV HEA programs listed above during the 2003-04 fiscal year. The institution reported on the 2003-04 FISAP that of the 14,632 students enrolled, 13,000 (89 percent) were students reported as eligible aid applicants.

We noted deficiencies in the institution's administration of the Title IV HEA programs, as discussed under the various compliance requirements of this report. For example, some of the issues addressed include:

- FPL interest earnings were not always recorded into the program account; (FA 04-096)
- Monthly reconciliations of the institution's accounting records to the Federal GAPS are not being performed; (FA 04-093)

- Outstanding Title IV HEA net check balances are not being returned to the applicable program accounts; (FA 04-092)
- The institution continued to have difficulty with accuracy in calculating returns of Title IV HEA funds for both official and unofficial student withdrawals as well as returning Title IV HEA funds in a timely manner; (FA 04-099 and FA 04-100)
- Due diligence requirements on defaulted FPL borrowers were not always performed; and (FA 04-105)
- Proper close-out procedures on the institution's accounting records for various program year were not performed even though the FDSL account had been closed (FA 04-095).

We also noted that the institution is in the process of implementing several initiatives that should improve its administrative capabilities. These initiatives include:

- Establishing a Financial Aid and Scholarship Oversight Committee.
- Establishing a position for a high-level manager for Financial Services.
- Developing a comprehensive planning process for the Division of Administrative and Financial Services to implement clearly defined mission statements for operations and to prioritize initiatives to enhance operations.
- Implementing a new Student Administration System.

Cause

These deficiencies have many causes as discussed under the various compliance requirements of this report. For illustration, some of the causes for these deficiencies are:

- Vacancies and temporary assignments of management and staff in key operational areas. Interim staff was assigned to these positions without providing additional training and supervision resulting in a substantial loss of institutional knowledge. Additionally, staff did not effectively implement several program changes required by Federal regulations. The institution hired a Vice President of Administrative and Fiscal Affairs and a Director of Financial Aid in February 4, 2004, and a Controller on March 28, 2004.
- Implementation of new financial aid and accounting systems and lack of effective internal control procedures being implemented.

Effect

While individually these deficiencies may not be indicative of administrative weakness, collectively they appear to represent a diminished ability for the institution to satisfactorily meet the administrative capability standards in Title 34, Section 668.16, Code of Federal Regulations.

Recommendation

We recommend that the institution continue its efforts to review the administration and delivery of Title IV HEA programs and funds. Such a review should consider the administrative capability standards discussed above and to what extent, if any, the institution should continue to reallocate resources and personnel.

FAMU Response and Corrective Action Plan

The University acknowledges the seriousness of the auditor's determination with regards to operating the Title IV HEA Federal programs. The University has undergone major changes in the areas of executive leadership, administrative appointments, and the implementation of a new administrative and financial aid software system over the past award year.

The University's Board of Trustees, deeply concerned over the fiscal, administrative, and financial aid compliance related operations at the University, appointed a new President in January 2005, and charged her with the responsibility to immediately put fiscal responsibility measures in place, adherence to all other financial aid related compliances, and to develop and follow sound

policies and procedures in implementing the Title IV HEA Federal programs.

The University's President, upon arrival at the University, engaged the services of proven practitioners in the fields of sound fiscal management, information technology, and financial aid compliances, to review, analyze and provide written reports and recommendations for her review and follow-up. The President has made, and is continuing to make the necessary changes, which will provide the University with a qualified administrative and support services team, which will timely and accurately address the items of non-compliance in this report.

During the audit period, the Board of Trustees hired a consulting firm to review four critical areas of operation, with the financial aid delivery process being one of them. Their resulting recommendations are currently being implemented.

It should also be noted that a comprehensive planning process for the Division of Administrative and Financial Services has been developed and is being implemented to immediately address issues related to internal control, and sound fiscal management. These processes includes the development of clearly defined goals and objectives for each operation, core planning values for all employees to follow, and a prioritization of initiatives to enhance each area of operation.

The areas of fiscal affairs and financial aid services are currently under review for reorganization, in an effort to ensure full compliance with the University's administration of the Title IV HEA Federal financial aid programs. This reorganization will be completed within one month.

Under the leadership of the new President, the University is committed to the timely, complete, and ongoing compliance with Title IV HEA financial aid programs.

FAMU Contact and Telephone Number

Dr. Castell V. Bryant, President
(850) 599-3225

Estimated Corrective Action Date

April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-090**
CFDA Number	84.063 and 84.268
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Eligibility – Overawards
State Educational Entity	**State Universities and Community Colleges – University of West Florida (UWF)**
Finding Type	Material Noncompliance Questioned Costs – $7,451 ($513 PELL, $1,520 FDSL subsidized, $5,418 FDSL unsubsidized)

Finding

During our testing of 15 students who unofficially withdrew, we noted three students for which the institution could not document attendance in all classes on which their awards were based. The institution disbursed FDSL funds ($5,418) to one of the three students, FDSL ($1,520) and PELL ($400) funds to one of the three students, and PELL ($113) funds to the other student who did not attend all classes resulting in the student's enrollment status changing and therefore becoming ineligible for the FDSL and PELL funds. The two students' failure to attend all classes enrolled resulted in overawards of $1,520 FDSL subsidized and $5,418 FDSL unsubsidized. Federal regulations require FDSL recipients to be enrolled at least half-time and institutions must ensure that a student has maintained continuous eligibility before disbursing the loan. In addition, the institution did not recalculate PELL awards for the two students, resulting in a $513 PELL overaward. Federal regulations require recalculations when the institution is unable to document attendance in a class and the award amount was determined based on that class.

Criteria

34 CFR 685.200 & .303; 690.80(b)

Condition

Our test of 15 students who received Title IV HEA funds and unofficially withdrew from all courses disclosed the following:

- During the Spring 2004 term, we noted one instance in which a student's FDSL award was based on full-time attendance but the student only enrolled in two courses (half-time) and did not attend one of the courses resulting in the student ceasing at least half-time enrollment. In the Fall 2003 term, we also noted one instance in which a student's FDSL award was based on half-time enrollment but the student did not attend one of the courses resulting in the student ceasing at least half-time enrollment. When a student's enrollment status is less than half-time the student becomes ineligible for an FDSL loan. On January 14, 2005, subsequent to our inquiry, $6,938 was returned to the FDSL program.
- The institution did not recalculate the PELL award for two students who did not attend all classes for which their award was based, resulting in a $513 PELL overaward. On January 14, 2005, subsequent to our inquiry, $513 was returned to the PELL grant program.

Cause

The institution has no established procedures to monitor and follow up on Title IV HEA recipients who fail to attend at least one class for each course enrolled.

Effect

When the institution awards Title IV HEA funds to ineligible students, the institution may be required to return institution moneys to the Federal programs.

Recommendation	We recommend the institution establish procedures to verify that enrollment status is at least half-time for students receiving FDSL and that PELL grant awards are based on the correct enrollment status.
UWF Response and Corrective Action Plan	We concur with the recommendation. Errors related to this finding were the result of incorrect data being entered for the date of last attendance for some of the students receiving F, W and I grades. Student Financial Services plans to communicate the importance of the accurate submission of dates for Return of Title IV "unofficial withdrawal" determination to instructors through a series of reminder notices before the grade submission due date each semester. Two e-mail notices will be sent to every instructor before the grade submission due date. A notice will also be printed in the Academic Newsletter each semester.
UWF Contact and Telephone Number	Doyle C. Pitts (850) 474-3028
Estimated Corrective Action Date	May 31, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-091**
CFDA Number	84.032 and 84.063
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
Compliance Requirement	Eligibility
State Educational Entity	**State Universities and Community Colleges - St. Johns River Community College (SJRCC)**
Finding Type	Other Questioned Costs - $20,512 ($12,750 FFEL & $7,762 PELL)

Finding

During a routine review of Title IV HEA funds return calculations, the institution discovered that a Financial Aid Office employee, who was also a student at the institution, had intentionally overawarded herself and received a total of $2,175 ($1,500 gross amount FFEL & $675 PELL) for the Fall 2004 term (2004-05 Award Year). The institution terminated the individual's employment and these funds were returned to the lender and PELL on October 25, 2004.

Subsequently, the institution discovered that the former employee apparently used the names and identification numbers of two other students to obtain additional FFEL and PELL funds totaling $18,337 ($11,250 gross amount of FFEL & $7,087 PELL) during the 2003-04 and 2004-05 award years. As of December 27, 2004, the institution had returned the $18,337 to the FFEL lender and the PELL grant program.

The Director of Financial Aid notified the USED Atlanta Office of the Inspector General of the fraud in a letter dated November 16, 2004. The matter was also referred to local law enforcement, which conducted an investigation and forwarded the case to the State Attorney's Office for prosecution.

Recommendation

We recommend that the institution continue to report any known instances of financial aid fraud to the Inspector General's Office of USED, as well as to the applicable law enforcement agency. We also recommend that the institution apprise the auditors of any status changes that may occur as the result of the ongoing investigation and prosecution.

SJRCC Response and Corrective Action Plan

The instance was reported to the proper authorities with the USED and local law enforcement. The auditors will be apprised of any status changes that may occur as a result of the ongoing investigation.

SJRCC Contact and Telephone Number

Wayne Bodiford, Director of Financial Aid
(386) 312-4042

Estimated Corrective Action Date

Pending with State Attorney

U.S. DEPARTMENT OF EDUCATION

Finding Number **FA 04-092**

CFDA Number 84.007, 84.032, 84.033, 84.038, 84.063, and 84.268

Program Title **Student Financial Assistance Cluster (SFA)**
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Federal Family Education Loans (FFEL)
- Federal Work-Study (FWS)
- Federal Perkins Loans (FPL)
- Federal Pell Grant Program (PELL)
- Federal Direct Student Loans (FDSL)

Compliance Requirement Cash Management – Prohibition on Escheating of Title IV HEA Funds

State Educational Entity **State Universities and Community Colleges**

Finding Type Material Noncompliance and Reportable Condition
Questioned Costs – $262,325 ($2,726 FSEOG, $108 FWS, $361 FPL, $111,861 PELL, $147,269 FFEL/FDSL)

Finding We noted that 18 institutions had not established procedures to prevent Federal Title IV HEA funds from escheating to a third party. In some instances, unclaimed net checks were sent to the State as unclaimed property when the funds should have been returned to the Title IV HEA programs.

Criteria 34 CFR 668 Subpart K, SFA Handbook Volume 2 Chapter 5 (2003-04)

Per the U.S. Department of Education, institutions are prohibited from allowing Title IV HEA funds to revert (or "escheat") to a third party, State, or institutional coffers. Institutions are responsible for making sure that Title IV HEA funds are used only for the educational purposes for which they are intended.

Effect The institutions may be allowing Title IV HEA funds to be used for purposes other than that for which they are intended.

Florida Agricultural and Mechanical University (FAMU)

Condition The institution's bank reconciliation process records any outstanding net checks greater than 90 days into a Scholarship Stale Dated Checks account in the Scholarship Fund and cancels the check. This procedure does not identify the funding source for the check, and the deposited amount to cover the checks remains in the institution's bank account. As of June 30, 2004, the cash balance in the institution's Scholarship Stale Dated Checks account totaled $433,584. However, as noted in report No. 2005-032, finding No. 2, report No. 2004-175, report No. 03-018, and report No. 13681, the Scholarship Fund has not been reconciled and properly managed for several years. In addition, stale-dated net checks after June 30, 2004, had not been recorded in the institution's new accounting system as of December 23, 2004.

Cause The institution has not established procedures to identify the funding source of each stale-dated net check and establish an order of return.

Recommendation We recommend that the institution establish procedures to identify Title IV HEA funds credit balances accumulating in the account and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 90 days at the institution).

FAMU Response and Corrective Action Plan The University is developing procedures to timely and accurately identify Title IV HEA funds that the University has been unable to deliver, or remain unclaimed to/by students/parents, and to return said funds to the appropriate Federal programs where applicable. Additionally, new procedures are being developed to strengthen the University's effort to identify outstanding (un-cashed) checks,

	and to ensure that proper due diligence is performed in an effort to get the funds in the hands of the student/parent.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

Florida Atlantic University (FAU)

Condition	In April 2004, the institution escheated $83,733, representing unclaimed net checks written in calendar year 2002 to the State as unclaimed property. The $83,733 came from a listing of 366 unclaimed net checks that may or may not have included Title IV HEA funds. The institution had not identified the Title IV HEA funds prior to escheating the funds to the State. In November 2004, the institution began developing and implementing procedures to identify stale-dated Title IV HEA funds net checks and will return future Title IV HEA funds to the applicable Federal programs.
Cause	The institution was unaware of the regulation requiring the funds to be returned to Title IV HEA programs.
Recommendation	We recommend that the institution continue its efforts to implement procedures to identify stale-dated checks with Title IV HEA funds and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution determine the amount of Title IV HEA funds included in the $83,733 previously escheated and return the funds to the applicable Federal programs and lenders.
FAU Response and Corrective Action Plan	The University agrees with the finding and as of November 2004 has developed a policy relating to the return of Title IV funds to the applicable program.
FAU Contact and Telephone Number	Stacey Medeiros (561) 297-3102
Estimated Corrective Action Date	March 2005

Florida International University (FIU)

Condition	We reviewed the institution's procedures for returning Title IV HEA funds included in unclaimed net checks. Our review of unclaimed net checks for the fiscal year 2003-04, disclosed unclaimed net checks totaling $113,960 ($78,552 FFEL, $692 FSEOG, and $34,716 PELL).
Cause	The institution did not have adequate procedures to identify unnegotiated checks containing Title IV HEA funds and return the funds to the applicable Title IV HEA program.
Recommendation	We recommend that the institution enhance procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return the above $113,960 ($78,552 FFEL, $692 FSEOG, and $34,716 PELL) to the applicable Federal programs and lenders.
FIU Response and Corrective Action Plan	The actions taken by the University as it pertains to your finding are as follows: FFEL - $21,002.80 were returned to the lenders to be credited to the students loan balances, $57,549.05 were reissued to the students, out of which $7,693.30 were applied outstanding receivables. Total amount $78,551.85.

Pell Grant - $10,122.28 were returned to the Pell account and $24,594.21 were reissued to the students for a total of $34,716.49.

FSEOG - The University reissued $300 to the student per her request. The remaining $392 were not returned to the FSEOG account because the University matched the SEOG funds with institutional funds. Therefore, these funds were awarded in excess of federal funds.

The institution will establish a process to identify any credit balance that remains on a student's account or is undelivered to the student. The University will make every effort to contact the student prior to the expiration date of the check. Otherwise, the funds will be returned to the FSA programs on behalf of the student. A process will be instituted to recognize these unclaimed funds before they cease to be negotiable (usually 180 days).

It is important to note that regulation #34 CFR 668 Subpart K, SFA Handbook Volume 2 Chapter (2003-04) refers to the procedures for the initial disbursement of funds to students. Based on the University's assessment this regulation does not appear to address the return of unclaimed checks. In addition, the Department of Education for the first time issued a policy relating to escheating on the 04-05 Financial Aid Handbook, Volume 4, Pg. 44.).

FIU Contact and Telephone Number

Ana R. Sarasti, Director of Financial Aid
(305) 348-2333, Suncom 441-2333

Estimated Corrective Action Date

New procedures will be in effect for the 04-05 academic year.

Florida State University (FSU)

Condition

We reviewed the March 2004 Agency Fund outstanding check list for net checks payable to students on or before September 30, 2003. Of the 106 net checks listed in this period, we determined that 45 net checks in the amount of $28,002 ($963 PELL, $11,084 FFEL subsidized, $15,594 FFEL unsubsidized, $361 FPL) were Title IV HEA funds which should have been returned to the Federal programs as noted above.

Cause

The institution does not have procedures to return unnegotiated net checks to the applicable Title IV HEA programs.

Recommendation

We recommend that the institution establish procedures to return unnegotiated Title IV HEA net checks to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return the $28,002 ($963 PELL, $11,084 FFEL subsidized, $15,594 FFEL unsubsidized, $361 FPL) to the applicable Federal program accounts and lenders.

FSU Response and Corrective Action Plan

Florida State University is in the process of developing procedures to return Title IV funds from unnegotiated net checks to the appropriate Title IV programs. The university will return all or a portion of the $28,002 identified in the audit finding once the university completes its review of student accounts and agrees the amounts identified in the audit finding are correct.

FSU Contact and Telephone Number

Darryl Marshall, Director, Florida State University, Office of Financial Aid, 4400-A University Center, Tallahassee, FL 32306

Estimated Corrective Action Date

September, 2005

University of Central Florida (UCF)

Condition

The institution transfers unnegotiated checks that are greater than six months (180 days) old into an unclaimed property account. However, the institution had

not researched the stale-dated checks in the unclaimed property account since January 2003. Six of 10 stale-dated checks we reviewed on the June 30, 2004, unclaimed check list contained funds from Federal Title IV HEA programs totaling $12,629 ($2,170 PELL, $5,614 FFEL subsidized, and $4,845 FFEL unsubsidized). Subsequent to our inquiry, on January 13, 2005, $348 of the PELL amount was applied to the student's Spring 2005 tuition & health fees.

Cause

The institution had procedures in place regarding the return of unnegotiated net checks to the applicable Title IV HEA program; however, during a new financial software implementation, the institution overlooked performing these procedures.

Recommendation

We recommend that the institution implement procedures to return unnegotiated Title IV HEA funds to the applicable Title IV HEA programs before the date the funds otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return $12,281 ($1,822 PELL, $5,614 FFEL subsidized, and $4,845 FFEL unsubsidized) to the applicable Federal program accounts and lenders.

UCF Response and Corrective Action Plan

Procedures are being drafted currently and will be completed by March 18. Research is being completed by the Student Financial Assistance Department to return the funds to the appropriate Federal Awards Programs. All checks and journals will be completed by March 10, 2005.

UCF Contact and Telephone Number

Linda Bonta, Controller
(407) 882-1112

Estimated Corrective Action Date

3/18/05

University of South Florida (USF)

Condition

We reviewed the institution's unclaimed property listing for the period 2003-04, which was filed with the State on August 19, 2004. Of the total amount returned to the State, we determined for six students listed, that the institution should have returned $23 (3 checks) to the PELL grant account and $6,670 (3 checks) to FFEL lenders.

We also reviewed the list of outstanding checks issued between July 1, 2003, and December 31, 2003, which were still outstanding as of November 30, 2004. Of the total amount unclaimed, we determined that for 13 students listed, the institution should have returned $11,837 ($1,107 (4 checks) to the PELL grant account and $10,730 (9 checks) to FFEL lenders).

Cause

The institution does not have procedures in place to identify unnegotiated Title IV HEA credit balance checks and return the funds to the applicable Federal programs.

Recommendation

We recommend that the institution return $18,530 ($17,400 to the FFEL lenders and $1,130 to the PELL grant account). We also recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and timely return those funds to the applicable Federal programs before the date on which the State would assume ownership of those funds.

USF Response and Corrective Action Plan

FSA published guidance which clarified expectations for the prevention of escheating of funds in Volume 4, page 4-4 of the 2004-05 FSA Handbook posted to IFAP on 09-30-2004.

The university has established procedures to insure that Title IV funds from returned or uncashed checks do not escheat to the State. Shortly after a check ceases to be negotiable, Purchasing and Financial Services (PFS) will prepare and send a list of uncashed checks to the Office of Financial Aid. The items on the list will be reviewed to see if they contain Title IV funds. If the check

contains Title IV funds, the Office of Financial Aid which will recoup the Title IV funds from the student account and return them to the appropriate Title IV program.

Of the funds returned to the State, all but $58 (4 checks, one of which was less than $1) was claimed by the students. The university is processing the return of this $58 in funds to the FFEL and Pell Grant programs.

The university is also processing the return of the Title IV HEA funds in outstanding uncashed checks to the appropriate Title IV programs except in those instances where the funds were delivered to the student or determined not to be Title IV HEA funds.

These actions will be completed by March 31, 2005.

USF Contact and Telephone Number

Leonard Gude, Financial Aid, (813) 974-3039
Nick Trivunovich, Controller, (813) 974-6080

Estimated Corrective Action Date

March 31, 2005

University of West Florida (UWF)

Condition

The institution did not return funds to the applicable Title IV HEA program accounts related to 17 PELL checks and 26 FDSL checks noted as unclaimed. This was based on our review of the institution's State of Florida Unclaimed Property Reports for the period ending December 31, 2002, and December 31, 2003, and filed on June 27, 2003, and April 30, 2004, respectively, and on the November 30, 2004, outstanding check listing. Check dates ranged from May 5, 2000, to May 7, 2004, and totaled $19,656 ($6,498 PELL, $11,611 FDSL subsidized, $1,539 FDSL unsubsidized, and $8 FDSL PLUS).

Cause

There are no established institutional procedures to monitor and follow up on unclaimed net checks with Title IV HEA funds.

Recommendation

We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 90 days on the institution's checks). We also recommend that the institution return the $19,656 ($6,498 PELL, $11,611 FDSL subsidized, $1,539 FDSL unsubsidized, and $8 FDSL PLUS) to the applicable Federal programs.

UWF Response and Corrective Action Plan

We concur with the recommendation. The University is in the process of reviewing the transactions referred to in the finding, as well as subsequent outstanding checks to determine the appropriate amounts to refund to the applicable Federal programs. The University will establish procedures to monitor the outstanding net checks on a monthly basis and return the unclaimed amounts to the Title IV HEA accounts. The University will also change the number of days before a net check becomes void from 90 to 180.

UWF Contact and Telephone Number

Doyle C. Pitts
(850) 474-3028

Estimated Corrective Action Date

May 31, 2005

Broward Community College (Broward CC)

Condition

We reviewed the institution's procedures for unclaimed checks and noted 20 unclaimed net checks with Title IV HEA funds from the Fall 2003 and Spring 2004 terms totaled $7,373 ($6,431 PELL and $942 FFEL).

Cause

The institution had not established procedures to identify unnegotiated checks containing Title IV HEA funds and return the funds to the applicable Title IV HEA program.

Recommendation

We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return $7,373 ($6,431 PELL and $942 FFEL) to the applicable Federal programs and lenders.

Broward CC Response and Corrective Action Plan

While we concur with the auditor's conclusion that Title IV funds should be returned to the appropriate programs rather than escheat to the state, we disagree with the auditor's determination of the amount of questioned costs and their basis for that conclusion. Contrary to the text cited in the auditor's recommendation, the SFA Handbook Volume 2, Chapter 5 (2003-04), page 2-98 states only that "If a school cannot locate a student to whom an FSA credit balance must be paid (i.e. the school has exhausted all possible avenues to find the student), the school must return the credit balance to the Department. In this case, a school will have to determine which FSA program funds created a credit balance before it can return funds to the FSA programs." The SFA Handbook Volume 4, Chapter 2 (2004-05), page 4-20 states "If your school has lost contact with a student who is due a credit balance, you must use all reasonable means to locate the student. If you still can't find the student, your school must return the credit balance to the FSA program(s) and/or lender." Further this edition of the handbook contains a margin note that states "In the case of unclaimed disbursements, your school must ensure that FSA funds do not escheat to the state or revert to the school or any other party. … The search for the student should end and the refund/ return to the Department should be completed prior to the date the funds would otherwise escheat, but no later than a few days after the check to the student would cease to be negotiable (usually 180 days)." Our review of 34 CFR 668, Subpart K; the Uniform Commercial Code regarding negotiable instruments (Chapters 671, 673, and 674, Florida Statutes) and Chapter 717, Florida Statutes did not find any basis in law for the conclusion in the SFA Handbook Volume 4, Chapter 2 that checks become nonnegotiable after 180 days. As we indicated in our response to the auditors when they first inquired regarding this matter, we consider a check to be stale dated at the point at which the statutes and rules regarding escheat property apply to that check. As none of the checks applicable to the 2004 program year had yet become stale dated when the auditors inquired, we had not returned funds to the Title IV Programs. However, our procedures for handling outstanding checks include significant efforts to contact payees regardless of the source of funds to ensure that they receive what funds are due them. We have added to our procedures as a result of the marginal note in the SFA Handbook Volume 4, Chapter 2 (2004-05), page 4-20 an additional review of the stale dated checks to ensure that any Title IV funds are returned to the program and do not escheat to the State. Based on our review of the 20 items cited by the auditors we have determined that as of this date nine of the items (8 Pell and 1 FFEL) totaling $3,603.02 ($3,285.29 Pell and $317.73 FFEL) would be considered stale dated. Of those items, we have located the payee and reissued the checks to four of the students receiving Pell funds totaling $1,632.56. Accordingly we have determined that the remaining $1,970.46 should be returned to the appropriate Title IV program (4 Pell - $1,652.73 and 1 FFEL - $ 317.73). We will continue our efforts to contact the recipients of the remaining 11 items cited by the auditors and any other outstanding Title IV checks and will return any of those funds to the appropriate Title IV program should they ultimately prove to be unclaimed in accordance with our procedures regarding stale dated checks.

Broward CC Contact and Telephone Number	Peter S. Elliott, CPA Associate Vice President - Financial Operations (954) 201-7432
Estimated Corrective Action Date	April 30, 2005

Central Florida Community College (CFCC)

Condition	We reviewed the institution's list of stale-dated checks dated December 31, 2001, or earlier. Subsequent to our review, the institution identified three Title IV HEA credit balance checks, totaling $642 PELL, presumed unclaimed and which the institution had returned to the State of Florida on April 30, 2004.
Cause	The institution had not established procedures to identify unnegotiated checks containing Title IV HEA funds and return the funds to the applicable Title IV HEA program.
Recommendation	We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return the above $642 to the PELL grant program account.
CFCC Response and Corrective Action Plan	A procedure has been written and implemented to insure that any un-negotiated Title IV credit balance check is identified and separated from the other un-negotiated checks so that they will not be escheated to the State but will correctly be returned to the proper Federal program account. These dollar amounts will be returned to the Federal program on a monthly basis once they are six months old.
CFCC Contact and Telephone Number	Steve Ash, Assistant Vice-President for Finance
Estimated Corrective Action Date	Completed

Edison College (EC)

Condition	We requested that the institution provide the most recent listing of unclaimed checks. The listing included checks that were issued during the calendar year 2002, and had been escheated to the State of Florida in April 2004. Subsequent to our review, we identified 8 checks totaling $2,510 ($2,476 PELL, $34 FSEOG) that should have been returned to the Title IV HEA programs; however, the checks had escheated to the State of Florida's unclaimed property.
Cause	The institution had not established procedures to identify unnegotiated checks containing Title IV HEA funds that should have been returned to the applicable Title IV HEA programs.
Recommendation	We recommend that the institution return $2,510 ($2,476 PELL, $34 FSEOG) to the grant accounts. We also recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days).
EC Response and Corrective Action Plan	Procedures have been established to identify unnegotiated funds that relate to Title IV HEA. The college is presently seeking a return of the funds ($2,510) from the State and is awaiting instructions from USDOE on how to implement the return of unnegotiated funds.

EC Contact and Telephone Number	Gina Doeble (239) 489-9029
Estimated Corrective Action Date	4/30/2005

Gulf Coast Community College (GCCC)

Condition	We reviewed the institution's Annual Report of Property Presumed Abandoned for the period ended December 31, 2003, and filed on April 30, 2004. Of the $3,135 that was escheated to the State of Florida, we determined that 3 outstanding checks totaling $1,612 ($1,504 PELL, $108 FWS) should have been returned to the Title IV HEA program accounts.
Cause	Although the institution had established procedures to monitor and follow-up on unclaimed property, including Title IV HEA funds; the institution's procedure has been to escheat all unclaimed property to the State of Florida.
Recommendation	We recommend that the institution return $1,612 ($1,504 PELL and $108 FWS) to the appropriate Title IV HEA accounts. In addition, we recommend that the institution establish procedures to ensure that unclaimed Federal funds are returned to the appropriate Title IV HEA account before the date the funds would otherwise escheat, but no later than the date a check to the student would cease to be negotiable (usually 180 days).
GCCC Response and Corrective Action Plan	The institution agrees with the audit finding and has made changes to its procedures regarding the escheating of Title IV funds. Those amounts specified in the audit finding have been returned to the proper programs by reduction of cash drawdowns through the Department of Education's GAP System. All institutional employees involved in the drawdown of funds, voiding of unclaimed checks, and the reporting of escheated items to the state have been educated as to the applicable rules.
GCCC Contact and Telephone Number	John Mercer, Dean of Business Affairs (850) 872-3842
Estimated Corrective Action Date	February 24, 2005

Hillsborough Community College (HCC)

Condition	We reviewed the institution's State of Florida Unclaimed Property Report for the 2002 calendar year. Of the total amount of unclaimed checks returned to the State, we determined, with the institution's assistance, that 5 checks included Title IV HEA funds totaling $1,451 (PELL), and these funds were not returned to the Title IV HEA program account. In addition, we reviewed the institution's unclaimed property listing for the 2003 calendar year and, with the institution's assistance, we determined that 22 checks included Title IV HEA funds totaling $8,601 ($8,521 PELL and $80 FFEL unsubsidized). The institution has possession of these checks but has not, as of January 31, 2005, returned the funds to the Title IV HEA program accounts within the suggested Federal timeline (180 days).
Cause	The institution did not have procedures to identify unnegotiated Title IV HEA credit balance checks and return the funds to the Title IV HEA programs.
Recommendation	We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date on which the State would assume ownership of those funds but no later than the date a student check would cease to be negotiable (usually 180 days). We also recommend that the institution return $10,052 ($9,972 PELL; $80 FFEL unsubsidized) to the applicable Federal programs.

HCC Response and Corrective Action Plan

The College had established and followed procedures that were consistent with Section 717.117 of the State of Florida's statute for reporting unclaimed property. Accordingly, unclaimed checks were sent to the State of Florida. We have revised our procedures to identify unnegotiated Title IV HEA credit balance checks and to return those funds in a timely manner to the Title IV program account. A copy of the revised procedure is attached.

We are in the process of returning the unclaimed Title IV HEA credit balance checks totaling $8,601 for the 2003 calendar year. We contacted the State of Florida regarding the status of the five checks totaling $1,451 for the 2002 calendar year and they informed us that one of the checks in the amount of $162.75 has been claimed by the student. A claim form has been sent to the State of Florida to recover the remaining $1,288.25. The College is remitting $1,288.25 to the Title IV HEA program account.

HCC Contact and Telephone Number

Barbara DeVries, Director of Financial Services
(813) 253-7012

Estimated Corrective Action Date

February 23, 2005

Lake-Sumter Community College (LSCC)

Condition

We reviewed the institution's list of stale-dated checks dated December 31, 2003, or earlier. We noted 12 checks for student payees who had received Federal PELL grant funds totaling $4,865 that had not been returned to the PELL grant program.

Cause

The institution has established procedures to identify unnegotiated checks containing Title IV HEA funds, but has not returned the funds to the applicable Title IV HEA program because the institution holds unclaimed checks for 360 days.

Recommendation

We recommend that the institution implement procedures to ensure the timely return of funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually not greater than 180 days). We also recommend that the institution return $4,865 to the PELL grant program account.

LSCC Response and Corrective Action Plan

Stale-dated Title IV credit balance checks issued to students were not returned to the appropriate programs in a timely manner due to Financial Services internal policy to hold non negotiable checks for 360 days.

Financial Services is currently working on procedures that will ensure compliance of federal regulations by returning stale-dated Title IV credit balance checks to the appropriate programs in a timely manner no later than the date a check to the student would cease to be negotiable (but not greater than 180 days). We have returned only $4,309.50 of the identifed $4,865.00 to the Pell Grant program. One of the students in the identified group had an obligation due to LSCC in the amount of $555.00 which was deducted from the stale check before funds were submitted.

LSCC Contact and Telephone Number

John Froman
(352) 365-3697

Estimated Corrective Action Date

We are currently working on procedures to better facilitate the stale date process. Estimated completion date of procedures will be within 30 days.

Manatee Community College (MCC)

Condition

We reviewed the institution's State of Florida Unclaimed Property Report filed on April 26, 2004, for the period ending December 31, 2003. A total of 19 student credit balance checks were included in the report and the value of checks

presumed unclaimed and returned to the State of Florida totaled $9,873. Of the total amount returned to the State of Florida, we determined that the institution should have returned $5,231 to the PELL grant program account for 9 of the 19 students listed.

Cause

The institution does not have procedures in place to identify unnegotiated Title IV HEA credit balance checks and return the funds to the Title IV HEA programs.

Recommendation

We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually not greater than 180 days). We also recommend that the institution return $5,231 to the PELL grant program.

MCC Response and Corrective Action Plan

MCC has instituted a procedure whereby unnegotiated checks are reviewed in accordance with Federal requirements. The review is designed to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs within a reasonable time period.

MCC will attempt to secure a refund of the overpayment of unnegotiated check funds to the State of Florida. MCC will also make a timely payment of the required amount to the Federal Pell Grant Program representing that portion of unnegotiated checks that was due to the Federal Pell Grant Program but refunded to the State of Florida in error.

MCC Contact and Telephone Number

Carol F. Probstfeld, Vice President of Business & Administrative Services
(941) 752-5326

Estimated Corrective Action Date

April 15, 2005

Miami Dade College (MDC)

Condition

We reviewed the institution's unclaimed property report filed for the period ending December 31, 2003. The report included unclaimed checks and the institution escheated $ 392,724 to the State of Florida. Of the total amount returned to the State of Florida, we determined that, for all 20 students tested, the institution should have returned $28,851 ($ 2,000 FSEOG and $ 26,851 PELL) to the applicable Title IV HEA programs.

Cause

The institution does not have procedures in place to identify unnegotiated Title IV HEA credit balance checks and return the funds to the Title IV HEA programs.

Recommendation

We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (usually 180 days). We also recommend that the institution return $28,851 ($ 26,851 PELL and $2,000 FSEOG) to the applicable Federal programs.

MDC Response and Corrective Action Plan

The College agrees with the recommendation and will revert the noted unclaimed funds to the appropriate Federal Title IV program, rather than the State unclaimed checks pool, in the future. Specific to the funds noted in the finding, all but six of the students affected have claimed their monies from the State and the remaining $8,666.20 has been remitted to the appropriate Federal Title IV HEA program.

MDC Contact and Telephone Number

Gregory Knott, Associate Vice Provost - Accounting Services
(305) 237-0825

Estimated Corrective Action Date

Completed.

North Florida Community College (NFCC)

Condition

From a review of the institution's outstanding check list, we identified five PELL ($794) and two FSEOG ($.50) checks as outstanding. Check dates ranged from July 23, 2001, to July 20, 2004. Although no unclaimed Title IV HEA funds were reverted to a third party, state, or institutional coffers, the institution did not have procedures in place to ensure unclaimed Title IV HEA funds (net checks), were returned to the applicable Title IV HEA accounts.

Cause

There are no established institutional procedures to monitor and follow-up on unclaimed Title IV HEA checks.

Recommendation

We recommend that the institution return the $794 of unclaimed PELL funds and establish procedures to ensure that unclaimed Title IV HEA net checks are returned in the future.

NFCC Response and Corrective Action Plan

At this time, one check in the amount of $6.39 has been cancelled and reissued at the request of the student; Pell Grant funds in the amount of $784.50 have been returned to the U.S. Department of Education through the Grant Administration and Payment System (GAPS); and $3.70 in SEOG funds has been returned to the U.S. Department of Education through GAPS; accounting for the total of $794.59 in questioned costs.

Although bank reconciliations are performed on a monthly basis, North Florida Community College has failed to properly monitor unclaimed Title IV HEA funds and return them in timely manner. Procedures have been implemented to ensure that timely return of these funds is an integral part of the monthly reconciliation system.

NFCC Contact and Telephone Number

Amelia Mulkey, Dean of Administrative Services
(850) 973-1604

Estimated Corrective Action Date

February 22, 2005

St. Petersburg College (SPC)

Condition

The institution provided a list as of June 30, 2004, with 221 outstanding student checks totaling $30,199 that were dated December 31, 2003, or earlier. We reviewed 15 checks and determined that 10, totaling $4,834 PELL, were Title IV HEA funds. Check dates ranged from January 9, 2003, to December 19, 2003.

Although no unclaimed Title IV HEA funds were reverted to third party, State, or institutional coffers, the institution did not have adequate procedures in place to ensure unclaimed Title IV HEA funds (net checks) were returned to Title IV HEA accounts in a timely manner.

Cause

Due to a new student accounting system, the institution was not following its established procedures to monitor and follow-up on unclaimed Title IV HEA funds.

Recommendation

The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds. Additionally, the institution should return $4,834 to the PELL grant program and identify and determine the remaining amounts of unclaimed Title IV HEA funds and return those amounts to the applicable Federal programs.

SPC Response and Corrective Action Plan

With the implementation of the new student administration system, a number of College procedures had to be revised, including the area of escheatment. The College began implementing those revisions to ensure the timely return of unearned Title IV HEA funds prior to the commencement of this audit. This is a

	fairly complex process which involves a number of departments, so progress has not been as rapid as we might have liked. In the meantime, the College continues to perform the due diligence requirements with respect to any funds escheated and will return any unearned Title IV HEA funds as quickly as possible.
SPC Contact and Telephone Number	Theresa Furnas, Associate Vice President of Financial & Business Services (727) 341-3329
Estimated Corrective Action Date	March 31, 2005

Valencia Community College (VCC)

Condition	We reviewed the institution's list of stale-dated checks totaling $24,173, dated August 31, 2004, or earlier. We noted that all 5 checks selected for review, totaling $2,784 and dated July 15, 2004, should have been returned to the Federal PELL grant program.
Cause	The institution has developed procedures to ensure that unnegotiated Title IV HEA credit balance checks are restored back to the appropriate student financial aid programs. However, the procedures are not performed on a timely basis.
Recommendation	We recommend that the institution enhance their procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 90 days). We also recommend that the institution return $2,784 to the PELL grant program and determine the identity of the remaining amounts and return those amounts to the applicable Title IV HEA programs.
VCC Response and Corrective Action Plan	The college concurs with this finding. Procedures to manage stale dated financial aid checks have been enhanced.
VCC Contact and Telephone Number	Keith W. Houck (407) 582-3465
Estimated Corrective Action Date	Corrective action has been taken as of March 11, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-093**
CFDA Number	84.007, 84.033, 84.063, and 84.268
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management – Reconciliations
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance

Finding

The institution did not perform the required monthly reconciliations of draws reported in the Federal Grants Administration and Payment System (GAPS) to the institution's accounting records during the 2003-04 fiscal year.

Criteria

34 CFR 668.162, 668.13, 668.166, 675.19, 676.19, 685.309, and USED's The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs). The reconciliation of Federal and institution records is an essential component for an effective financial management system. The Blue Book provides that internal controls should include the following: reconciling Federal funds (between bank accounts and Federally reported balances for cash); reconciling Federal funds received for a institution's participation in a program to the totals currently recorded in the institution's accounts; comparing reported expenditures among the trial balance, GAPS, FISAP, and audit reports during the reconciliation process and resolving differences among these records. In addition, institutions must not wait until an audit to perform reconciliations.

Condition

During the 2003-04 fiscal year, detailed monthly reconciliations were not performed between GAPS and the institution's accounting records. As a result, a $2,500 posting error went undetected in the FWS accounting records, and a $141,500 receipt was not transferred from the Clearing Fund into the FDSL accounting records.

Cause

The institution did not implement procedures to perform monthly reconciliations and resolve any differences between the institution's accounting records and the GAPS records.

Effect

When monthly reconciliations are not performed, errors and omissions may occur and not be detected in a timely manner in reporting expenditures to and drawing fund from the USED. Also, the institution has limited assurance that information in GAPS and its accounting system agree.

Recommendation

We recommend that the institution implement procedures to perform monthly reconciliations of the GAPS data to the institution's accounting records and to timely resolve any differences.

FAMU Response and Corrective Action Plan

Title IV funds (FDSLP) were reconciled during the 03-04 fiscal year in accordance with the DLSAS. In addition, FISCOP/FISAP reported data were submitted as required for 03-04 in which SEOG, FCWS, FPL and PELL data represented a reconciled status, accordingly.

The University acknowledges the importance of monthly reconciliation reports, and has begun reconciling the GAP account with the University's General Ledger, effective with the end of March 31, 2005. Furthermore, timely reconciliation reports will be continued on an ongoing basis, assured by employment and

	maintaining of experienced personnel to constantly monitor the process.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number **FA 04-094**
CFDA Number 84.063
Program Title **Student Financial Assistance Cluster (SFA)**
Federal Pell Grant Program (PELL)
Compliance Requirement Cash Management – Reconciliations
State Educational Entity **State Universities and Community Colleges**
Finding Type Material Noncompliance

Finding

Two institutions did not perform the required monthly reconciliations of the USED processed Pell Payment Data in the Common Origination and Disbursement (COD) System to the institution's accounting and financial aid records.

Criteria

34 CFR 668.163, 690.81 and .83, the Student Financial Aid Handbook, and USED's The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs). The reconciliation of Federal and institution records is an essential component for an effective financial management system. The Blue Book provides that internal controls should include the following: reconciling Federal funds (between bank accounts and Federally reported balances for cash); reconciling Federal funds received for a school's participation in a program to the totals currently recorded in the school's accounts; comparing reported expenditures among the trial balance, GAPS, FISAP, and audit reports during the reconciliation process and resolving differences among these records. In addition, institutions must not wait until an audit to perform reconciliations.

Effect

When monthly reconciliations are not performed or identified differences are not timely resolved, errors or omissions may occur and not be detected when reporting awards and disbursements to students to USED.

Central Florida Community College (CFCC)

Condition

The institution did not perform comprehensive monthly reconciliations of the COD system to its accounting and financial aid records during the 2003-04 fiscal year. Although the institution compared the detailed records from the COD system with the institution's approximately 2,400 student financial aid records and its accounting records for the award year, the differences had not been investigated and corrected as of November 15, 2004. For example, 145 identified differences between the institution's accounting records and USED records totaled $292,708. The total amount of PELL funds reported on the institution's SEFA was approximately $4.9 million.

Cause

The institution had not implemented procedures to perform and resolve differences of monthly reconciliations between the accounting records and the COD system data report.

Recommendation

We recommend that the institution perform reconciliations of the PELL COD data report to their records on a monthly basis and timely resolve any reconciling items.

CFCC Response and Corrective Action Plan

The PELL/COD reconciliations are currently being performed on a current and ongoing basis. We have an individual that works full time every day working through the reconciliation process. The three records to be reconciled are the COD system data, Financial Aid data, and the General Ledger. After the differences (reconciling items) have been noted, then these items are sent to the appropriate party for resolution. Typically they are resolved and adjusted in the system during the next reconciliation process.

CFCC Contact and Telephone Number	Steve Ash, Assistant Vice-President for Finance
Estimated Corrective Action Date	Completed

Polk Community College (PCC)

Condition	The institution did not perform comprehensive monthly reconciliations of the COD system to its accounting and financial aid records during the 2003-04 fiscal year. As a result, a $31,487 difference between the COD system and the accounting records, and a $15,307 difference between the COD system and the student financial aid records, were unexplained at year end. The total amount of PELL funds reported on the institution's SEFA was approximately $3.6 million.
Cause	The institution had not implemented procedures to perform and resolve differences of monthly reconciliations between the accounting and financial aid records and the COD data report.
Recommendation	We recommend that the institution implement reconciling procedures and complete monthly reconciliations of the PELL COD data to their records and timely resolve any differences.
Polk CC Response and Corrective Action Plan	COD reports will be reconciled to Financial Aid records by the Financial Aid office and will be reviewed by the Comptroller on a monthly basis.
Polk CC Contact and Telephone Number	Teresa Vorous, Comptroller (863) 297-1089
Estimated Corrective Action Date	April 14, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-095**
CFDA Number	84.268
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management – FDSL Close-Out
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance
Finding	The institution's accounting records show cash balances as of June 30, 2004, in expired Federal Direct Student Loan Program accounts.
Criteria	34 CFR 668.16, 668.163, 685.309; Department of Education (USED) Direct Loan Bulletins (DLB) Close Out Procedures; and USED's 1999 Direct Loan School Guide.
Condition	The USED required a year-end close out reconciliation of all institution and USED FDSL loan information which should result in bringing ending cash balances to $0. However, for program years that have already been closed out with USED, the institution's accounting records show cash balances (deficits) at June 30, 2004, of $(50,808) in the 1998-99 account; $113,520 in the 1999-2000 account; $60,643 in the 2000-01 account; and $132,677 in the 2001-02 account.
Cause	The institution has not implemented adequate procedures to properly close out the FDSL program account when the specific program year closed. This has resulted in the institution not accurately determining expired accounts' cash balances and maintaining account records.
Effect	Numerous expired SFA accounts that have either positive or negative cash balances indicate that accounts have not been properly monitored and closed by the institution.
Recommendation	We recommend that the institution perform an analysis on all active and expired SFA accounts to determine whether any funds should be returned to the applicable SFA programs. In addition, we recommend that the institution's SFA accounts reflect their closed status when the program year is closed in accordance with and by the deadline given in the USED's Direct Loan Program Year Close Out Procedures.
FAMU Response and Corrective Action Plan	The University has performed an analysis of the Scholarship Fund and prepared a distribution document to clean up balances in the prior year closed out accounts in the FDSL program. There were no funds due back to SFA programs in these accounts. Full accountability has been demonstrated, recognized and accepted by USDOE in all program years mentioned. The University has established procedures, which will assure that all SFA accounts are reviewed timely, accurately, and are closed at the end of each reporting period as required.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-096**
CFDA Number	84.038
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Perkins Loans (FPL)
Compliance Requirement	Cash Management – Other Earnings on Fund Assets
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance Questioned Costs - $6,984
Finding	The institution had not transferred into its FPL account $6,984 in interest earned on FPL deposits during the 2003-04 fiscal year.
Criteria	34 CFR 674.8(a)(6) and SFA Handbook Volume 5 Chapter 1 (2003-04)
Condition	The institution's Loan Fund, which includes FPL deposits, placed its cash balances into an interest bearing bank account and in low risk income producing securities. However, $6,984 of income earned on FPL deposits during the 2003-04 fiscal year had not been transferred in the institution's FPL account as of December 2, 2004.
Cause	Because of changes in management, as well as the implementation of a new accounting system, the institution had difficulty monitoring interest earnings in the accounting records.
Effect	When the transfer of interest into the FPL account is not completed, there is a reduction of funds available for FPL loans for students and administrative program expenses. In addition, not transferring the interest into the FPL account is contrary to Federal regulations.
Recommendation	We recommend the institution transfer the $6,984 of interest earned into the FPL account. We also recommend that the institution establish procedures to ensure future interest earnings calculations and transfers be timely performed.
FAMU Response and Corrective Action Plan	The University transferred the interest earned for the 2003-04 fiscal year to the Federal Perkins Loan program account. The University is developing procedures to ensure full compliance with respect to timely identifying and transferring of interest earned on Perkins collections into the Federal Perkins Loan account by the end of the fiscal year. This process will be monitored by competent and responsible personnel.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-097**
CFDA Number	84.038
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Perkins Loans (FPL)
Compliance Requirement	Program Income
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance
Finding	The institution did not timely transfer into its FPL Loan Fund account $27,904 in loan cancellation reimbursements received during the 2003-04 fiscal year.
Criteria	34 CFR 674.8(a)(5) and SFA Handbook Volume 5 Chapter 1 (2003-04)
Condition	The institution received from USED $27,904 for reimbursement of loan cancellations on June 4, 2004; however, the institution indicated that the transfer from the Clearing Fund to record the cancellation reimbursement into the FPL Loan Fund account was not made until November 19, 2004, subsequent to audit inquiry.
Cause	Because of changes in management and oversight of the institution, as well as the implementation of a new accounting system, the institution had difficulty with the maintenance of the accounting records during the audit period.
Effect	Noncompliance with Federal regulations to timely deposit payments of loan cancellations into the FPL Loan Fund account reduced available funds for FPL borrowers and administration of the program.
Recommendation	We recommend that the institution establish procedures that ensure loan cancellation reimbursement funds are timely transferred into the FPL Loan Fund account so the institution may use the funds effectively in the administration of the program.
FAMU Response and Corrective Action Plan	The University is establishing procedures to ensure that FPL teacher/military cancellation reimbursements are receipted and recorded in the FPL program account in a timely manner. Further, the University has addressed this matter with the appropriate personnel to assure immediate and on-going compliance for this requirement, which will be closely monitored by a responsible supervisor.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-098**
CFDA Number	84.007 and 84.033
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Supplemental Educational Opportunity Grant Program (FSEOG) Federal Work-Study (FWS)
Compliance Requirement	Reporting – Special Reports: Fiscal Operations Report and Application to Participate (FISAP)
State Educational Entity	**State Universities and Community Colleges - University of North Florida (UNF)**
Finding Type	Material Noncompliance
Finding	FSEOG Part IV and FWS Part V of the 2003-04 FISAP report were not adequately supported by the institution's accounting records.
Criteria	34 CFR 675.19, 676.19, instructions accompanying the FISAP report, and USED's The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs). The Blue Book provides that internal controls should include the following: reconciling Federal funds (bank accounts and Federally reported balances for the program to the totals currently recorded in the school's accounts); and comparing reported expenditures among the trial balance, Grants Administration and Payment System (GAPS), Fiscal Operations Report and Application to Participate (FISAP), and audit reports during the reconciliation process, and resolving differences among these records. In addition, institutions must not wait until an audit to perform reconciliations.
Condition	Information reported in the 2003-04 FISAP report was supported by the Financial Aid records; however, the institution's accounting records did not support FSEOG and FWS information. We noted that accounting entries to reconcile the accounting records with the FISAP had not been made in the respective program accounts as of January 6, 2005. Errors included not recording carryback and carryforward amounts, program revenues and transfers, and Administrative Cost Allowance (ACA) charged to FWS. Additionally, accounting records, GAPS, and the FISAP were not fully reconciled.
Cause	The institution submitted its FISAP data based on Financial Aid records prior to ensuring that the accounting records were consistent or reconciled to the amounts in the report. The Financial Aid Office and Controller's Office did not adequately coordinate its efforts in preparing the FISAP in order to ensure that all required accounting entries had been posted. The institution had not posted all entries to program accounts as recommended in USED's The Blue Book.
Effect	USED uses the information provided in the FISAP to determine the amount of funds the institution will receive for the Federal campus-based programs. If the institution does not provide USED with accurate data, the institution may receive more funds than it is entitled to or may not receive all the funds to which it is entitled.
Recommendation	We recommend that the institution reconcile the amounts reported on the FISAP to its accounting records consistent with USED's The Blue Book, and make the appropriate entries as needed. We also recommend that the institution implement procedures to ensure that amounts reported on the FISAP or edit reports are supported by accounting records prior to submission.
UNF Response and Corrective Action Plan	We agree with the recommendations. We have initiated procedures to insure compliance and accountability between FISAP and the accounting records of

	the university. We have reconciled the amounts recorded on the FISAP and are in the process of preparing correcting entries to our accounting records. The correcting entries will be completed by week ending 25-Mar-2005.
UNF Contact and Telephone Number	Floyd Hurst, Universtiy Controller (904) 620-2921
Estimated Corrective Action Date	March 25, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number **FA 04-099**

CFDA Number 84.032, 84.063, and 84.268

Program Title **Student Financial Assistance Cluster (SFA)**
Federal Family Education Loans (FFEL)
Federal Pell Grant Program (PELL)
Federal Direct Student Loans (FDSL)

Compliance Requirement Special Tests and Provisions – Return of Title IV HEA Funds (Official Withdrawals)

State Educational Entity **State Universities and Community Colleges**

Finding Type Material Noncompliance
Questioned Costs - $8,299 ($428 FFEL subsidized, $2,834 FFEL unsubsidized, $2,050 PELL, $1,402 FDSL subsidized, $1,585 FDSL unsubsidized). Student portion $1,782 PELL.

Finding Nine institutions did not always accurately calculate and timely return unearned Title IV HEA funds to the applicable Federal programs for those students who officially withdrew prior to the 60 percent point of the payment period. In addition, the students and NSLDS were not always timely notified of grant overpayments.

Criteria 34 CFR 668.22

Effect The institutions retained unearned Title IV HEA funds that should have been returned to applicable Federal programs. Also, as a result of not timely notifying students of grant overpayments and not reporting grant overpayments to NSLDS, students may have received Title IV HEA aid for which they were not eligible.

Florida Agricultural and Mechanical University (FAMU)

Condition Of the 15 students tested who officially withdrew during the Fall 2003 or Spring 2004 term, we noted the following:

- Four calculation errors required the return of additional unearned Title IV HEA funds totaling $2,987 ($1,402 FDSL subsidized and $1,585 FDSL unsubsidized).
- The institution's policy is to return the student overpayments, however, for one student the $364 PELL overpayment was returned 13 days late.

Similar findings were noted in report No. 2004-168, finding No. FA 03-81 and report No. 03-167, finding No. 02-084.

Cause The institution did not always follow its procedures to accurately calculate and timely return funds to Title IV HEA programs.

Recommendation We again recommend that the institution enhance its procedures for the return of Title IV HEA funds and continue to monitor those procedures to ensure compliance. In addition, we recommend that the institution return $2,987 ($1,402 subsidized and $1,585 unsubsidized) to the FDSL program.

FAMU Response and Corrective Action Plan The lack of timely identifying, calculating, and returning Title IV HEA funds for students who withdrew during the term was attributable to inadequate procedures and systems related problems. Consequently, the University will employ the features of the new financial aid and administrative software system to more timely and accurately address this compliance item. The University will employ/assign knowledgeable and responsible personnel, provide the required training, and assign them the responsibility of monitoring this automated process to timely and accurately administer the Return of Title IV HEA Funds procedures, in accordance with Federal regulations. Further, the University will assign the monitoring of those performing this function to a competent and responsible supervisor, to further ensure full compliance. The $2,987 has been returned to the FDSL program.

FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

Central Florida Community College (CFCC)

Condition	We reviewed the institution's records for 21 students who had officially withdrawn from the institution and had received Title IV HEA funds. The institution returned unearned funds for 10 of those students from 21 to 230 days late. In addition, the institution notified 3 of the 10 students of their grant overpayments from 24 to 98 days late and, for 4 of the 10 students, notified the NSLDS of the students' overpayments from 19 to 114 days late. For the 10 students, the institution returned Title IV HEA funds of $6,090 ($3,508 PELL, $1,293 FDSL subsidized, and $1,289 FDSL unsubsidized) and the student's portion of overpayments was $1,404 (PELL). Similar findings were noted in report No. 2004-168, finding No. FA 03-81, and report No. 03-167, finding No. 02-084.
Cause	The institution did not have adequate procedures to identify all students who officially withdrew or to monitor when notices were due to NSLDS.
Recommendation	We again recommend that the institution revise its procedures for the return of Title IV HEA funds to comply with Federal regulations and continue to monitor those procedures to ensure compliance.
CFCC Response and Corrective Action Plan	During the Fall 2003, term, CFCC's main focus was the implementation of its new software system (Jenzabar). During this time, the Return of Title IV (R2T4) funds process was manual. There were no reports available to identify students who had officially withdrawn. Reports were created by our computer services department during the Spring 2004 term that assisted the staff in identifying all official withdrawals. Once these reports were available, a staff member began the process of accurately identifying all Fall 2003 and Spring 2004 official withdrawals. Although the R2T4 calculations were accurate, they were not timely. Since mid-Spring 2004 the college has implemented procedures that timely identify, calculate, notify, and return Title IV funds in accordance with Federal Regulations. Further, the Financial Aid Office developed a Standard Operating Procedure whereby the Senior Financial Aid Specialist has primary responsibility for monitoring all official withdrawals, calculating all required R2T4's, notifying students of their financial obligations, notifying the Business Office of CFCC's financial obligations, and reporting all applicable students to NSLDS. Additionally, an improved procedure, based upon the audit recommendations, assures students are reported to NSLDS after 30 days of their notification, as opposed to waiting the entire 45 days. In addition to the automated reporting system created, all withdrawal forms (where the student withdraws from all classes) and refund petitions are reviewed by the Senior Financial Aid Specialist for potential R2T4.
CFCC Contact and Telephone Number	Sheryl Graham - Executive Director, Financial Aid and Admissions
Estimated Corrective Action Date	Completed

Hillsborough Community College (HCC)

Condition	The institution did not correctly calculate the number of days during the Spring 2004 term which resulted in 3 de minimus overpayments and 4 underpayments. The institution owes Title IV HEA funds totaling $628 ($290 PELL, $6 FFEL subsidized, $332 FFEL unsubsidized) for 4 of 7 students. For 1 of the 7 students, the institution did not timely notify the student of the PELL grant overpayment totaling $270. For 3 of 15 students tested, the institution calculated a return of Title IV HEA funds;

however, the institution returned the unearned Title IV HEA funds 13 to 213 days late.

For 3 of 15 students for whom the institution calculated a return of grant funds, the institution did not timely notify NSLDS if the student had not taken positive action within 45 days from the date the student was notified of the overpayment. The number of days late ranged from 3 to 46 days.

Cause

The institution did not correctly calculate the number of calendar days for the Spring 2004 term. In addition, the institution did not always follow its established procedures for promptly identifying official withdrawals, correctly calculating and timely returning Title IV HEA funds, and notifying students and NSLDS of grant overpayments.

Recommendation

We recommend that the institution return $628 ($290 PELL, $6 FFEL subsidized, $332 FFEL unsubsidized). We also recommend the institution revise its procedures to ensure that all students who have officially withdrawn are promptly identified and, when required, accurately and timely return Title IV HEA funds. In addition, the procedures should address the timely notification of students and NSLDS of grant overpayments.

HCC Response and Corrective Action Plan

As noted in the audit recommendation, the college returned on 4/16/04, $5.84 for the Subsidized Stafford Loan and on 12/17/04, $331.85, for the Unsubsidized Stafford Loan for the total of $338 to Sallie Mae, the guarantee agency. Also, Federal Pell Grant funds were returned for the amount of $5.12 on 12/1/04 and $284.44 on 2/4/05 for the total of $290.

The institution revised the official withdrawals procedure for the Return of Title IV Funds. The college's procedure now specifies each item necessary to ensure the notification and completion of the required processes in a timely fashion.

In addition, Spring 2005, the college hired two full-time District Financial Aid staff members whose primary responsibility is for the timely identification and notification to students who had withdrawn. Furthermore, the staff member will be responsible for the calculating, monitoring of unpaid balances, and the coding of the obligation onto the students' accounts to the National Student Loan Data Systems (NSLDS). Finally, they will refer the debt to the Department of Education as required by the Return of Title IV program regulations.

HCC Contact and Telephone Number

Charlotte Johns-Rich, Director of Financial Aid
(813) 253-7160

Estimated Corrective Action Date

February 15, 2005

Indian River Community College (IRCC)

Condition

The institution failed to timely return unearned Title IV HEA funds totaling $844 FFEL unsubsidized and $615 PELL for 3 of 15 students tested. The number of days late was 17, 82, and 95. In addition, for 3 of the 15 students, the institution notified the students of grant overpayment 3 to 17 days late and, for 5 of the 15 students, the institution notified NSLDS 22 to 31 days late. Also, as a result of miscalculating the number of days in the Spring term, the institution did not accurately calculate returns for 7 of the students. However, the institution overpaid de minimus amounts to the Federal programs.

Cause

Procedures were not in place to ensure the timely return of unearned Title IV HEA funds.

Recommendation

We recommend that the institution accurately calculate the return of Title IV HEA funds and timely return Title IV HEA funds to the applicable lenders and Federal programs in accordance with Federal regulations. In addition, the institution should

ensure the timely notification of students and NSLDS of any grant overpayments.

IRCC Response and Corrective Action Plan

We concur with this recommendation. Indian River has implemented corrective action to address the timely return of Title IV HEA funds and timely notificaton to students of grant overpayments. Additionally, we have corrected the 60% point for the Spring term to exclude Spring Break.

IRCC Contact and Telephone Number

Brandon Gilliland, Associate Dean of Finance

Estimated Corrective Action Date

Spring Term 2005

Miami Dade College (MDC)

Condition

Of the 15 students tested who officially withdrew during the Fall 2003 and Spring 2004 terms, we noted the following:

- The institution did not correctly calculate and return unearned Title IV HEA funds for two students. The institution used the incorrect withdrawal dates for these students which resulted in the institution underpaying de minimus amounts. The PELL grant amounts due from the students were also understated by de minimus amounts.
- For seven students tested, the institution did not timely return unearned Title IV HEA funds totaling $2,782 ($422 FFEL unsubsidized and $2,360 PELL) within 30 days of the student's withdrawal. The days late ranged from 2 to 294. Subsequent to audit inquiry, the institution returned unearned Title IV HEA funds totaling $1,389 ($422 FFEL unsubsidized and $967 PELL).
- The institution notified four students of grant overpayment 5 to 259 days late.

Similar findings were noted in report No. 2004-168, finding No. FA 03-81, and report No. 03-167, finding No. 02-084.

Cause

The institution noted that it is in the process of adjusting to new procedures and directives from management. The computer system appears to inaccurately identify the last day of attendance in certain circumstances. Since this is one of the largest institutions in the State, the volume of information processed and staff shortages are the main causes for the exceptions.

Recommendation

We recommend that the institution enhance procedures and its computer system to ensure the timely return of Title IV HEA funds to the applicable lenders and Federal programs in accordance with Federal regulations. In addition, the institution's procedures should ensure the timely notification to students for any grant overpayments.

MDC Response and Corrective Action Plan

The College agrees with the recommendation and, as noted, has taken the actions required to address the issues raised in the finding. It should be noted that nearly half of the sampling errors noted in the finding preceded the issuance of the prior year audit report, and thus the College's associated corrective actions.

MDC Contact and Telephone Number

Gregory Knott, Associate Vice Provost - Accounting Services
(305) 237-0825

Estimated Corrective Action Date

Completed.

Palm Beach Community College (PBCC)

Condition

Of the 15 students tested who officially withdrew during the Fall 2003 and Spring 2004 terms, we noted the following:

- The institution failed to timely return unearned Title IV HEA funds totaling $2,884 ($942 FFEL unsubsidized, $1,155 FFEL subsidized, and $787 PELL), within 30 days of the student's withdrawal for 8 of 15 students tested. The days late ranged from 15 to 60.
- The institution failed to notify students of grant overpayment within 30 days after determining the students withdrew. Six of the 15 students required notification, 2 of the 6 were 3 and 77 days late.
- For students that did not take positive action within 45 days of notification of grant overpayment, the institution failed to immediately notify NSLDS. Eight of the 15 students required NSLDS notification, 3 were timely and 5 of the notifications were 18 to 75 days late.

A similar finding was noted in report No. 2004-168, finding No. FA 03-81.

Cause

The institution employee responsible for monitoring official withdrawals was on extended leave and another employee was not designated to handle the return to Title IV HEA responsibilities. Also, staff turnover contributed to the issues noted above.

Recommendation

We recommend that the institution enhance procedures to ensure the timely return of Title IV HEA funds to the applicable lenders and Federal programs in accordance with Federal regulations. In addition, the institution's procedures should ensure the timely notification of students and NSLDS of any grant overpayments.

PBCC Response and Corrective Action Plan

The Associate Director has attended R2T4 training offered by the Department of Ed. She is reviewing the entire process to ensure all compliance issues are resolved. We have created a calendar so that all employees working on R2T4 are aware of deadlines for submitting letters.

PBCC Contact and Telephone Number

Michele Bowles or Amy McDonald
(561) 868-3391

Estimated Corrective Action Date

Spring term, 2005

Polk Community College (PCC)

Condition

We reviewed the institution's records for 14 students who had received Title IV HEA funds and who had officially withdrawn from the institution. The institution was late (6 – 17 days) in returning $868 in unearned funds to the PELL grant program for 3 students. In addition, subsequent to our inquiry, the institution notified the NSLDS (251 to 272 days late) of 5 students' overpayments. A similar finding was noted in report No. 2004-168, finding No. FA 03-81.

Cause

The institution did not always follow its procedures to timely return Title IV HEA funds and notify NSLDS of grant overpayments.

Recommendation

We again recommend that the institution follow its procedures to ensure the timely return of Title IV HEA funds in accordance with Federal regulations. Also, the institution should timely report to NSLDS those students who have not made satisfactory arrangements to repay grant overpayments.

Polk CC Response and Corrective Action Plan

System generated reports have been written to assist in R2T4 billing. These reports will be reviewed on a bi-weekly basis by the Financial Aid office to see that Title IV HEA funds are returned in accordance with Federal regulations. Further, this review will enable us to report grant overpayments to NSLDS in a timely

manner.

Polk CC Contact and Telephone Number

Teresa Vorous, Comptroller
(863) 297-1089

Estimated Corrective Action Date

April 14, 2005

St. Petersburg College (SPC)

Condition

Of the 17 students tested who officially withdrew, we noted 11 instances in which the institution failed to return or timely return Title IV HEA funds totaling $3,295. Funds totaling $1,543 ($793 PELL; $750 FFEL unsubsidized) were returned by the institution 140 to 261 days late for 5 of the 17 students tested. The remaining 6 students officially withdrew between October 13, 2003, and March 5, 2004, and the institution had not returned Title IV HEA funds totaling $1,752 (FFEL unsubsidized) as of January 14, 2005. In addition, for 4 of the 11 students, the institution's notification to students of overpayments was 41 to 278 days late.

Cause

The institution does not have adequate procedures to timely determine the amount of unearned Title IV HEA funds for students that officially withdraw from all courses. In addition, the institution implemented a new student accounting system during the 2003-04 academic year which has attributed to the issues noted above.

Recommendation

We recommend that the institution return $1,752 (FFEL unsubsidized) and develop procedures to ensure the timely return of Title IV HEA funds to applicable lenders and Federal programs. In addition, the institution should ensure timely notification to students for grant overpayments.

SPC Response and Corrective Action Plan

Pursuant to the auditor's field work and finding, the College returned the $1,752 to the applicable Federal lenders in February 2005. The College is in the process of updating internal procedures so that the student withdrawal information reports will be run on a weekly basis rather than only at the 60% completion point in the term. These changes will ensure the timely return of Title IV HEA funds to the Federal programs as well as timely notification to the students.

SPC Contact and Telephone Number

Marcia McConnell, Director of Scholarship & Student Financail Assistance
(727) 791-2442

Estimated Corrective Action Date

March 4, 2005

Seminole Community College (SCC)

Condition

Of the 15 students tested who officially withdrew from the institution during the Fall 2003 and Spring 2004 terms and received Title IV HEA funds, we noted 6 students had the following errors; for 5 students, the institution returned the unearned Title IV HEA funds from 44 to 68 days late; for 1 student, notification of the PELL grant overpayment was 9 days late; for 5 students, the institution notified NSLDS, of PELL grant overpayments, 54 to 118 days late.

Cause

The institution did not always follow its procedures to timely return funds to Title IV HEA programs and to notify students and NSLDS of grant overpayments. The institution noted that there were staff shortages which contributed to the issues noted above.

Recommendation

We recommend that the institution enhance its established procedures to ensure the timely return of unearned Title IV HEA funds and timely notify students and NSLDS of any grant overpayments.

SCC Response and Corrective Action Plan

The institution acknowledges the finding. With the new system implementation, weekly enrollment reports are now being produced which identifies students with enrollment changes, including withdrawals. Students who officially withdraw will be

	notified within the specified time period, as will the NSLDS.
SCC Contact and Telephone Number	Robert E. Lynn, Director of Student Financial Resources (407) 328-2044
Estimated Corrective Action Date	July 1, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number **FA 04-100**

CFDA Number 84.007, 84.032, 84.038, 84.063, and 84.268

Program Title **Student Financial Assistance Cluster (SFA)**
Federal Supplemental Educational Opportunity Grants (FSEOG)
Federal Family Education Loans (FFEL)
Federal Perkins Loans (FPL)
Federal Pell Grant Program (PELL)
Federal Direct Student Loans (FDSL)

Compliance Requirement Special Tests and Provisions – Return of Title IV HEA Funds (Unofficial Withdrawals)

State Educational Entity **State Universities and Community Colleges**

Finding Type Material Noncompliance
Questioned Costs – $34,799 ($7,202 FFEL subsidized, $9,212 FFEL unsubsidized, $530 FPL, $14,012 PELL, $2,606 FDSL subsidized, $1,124 FDSL unsubsidized, $113 PLUS)

Finding Sixteen institutions have not implemented adequate procedures to determine, within 30 days after the end of the payment period, whether Title IV HEA funds were earned for students who ceased attendance without providing official notification to the institution of their withdrawal. As a result, the institutions did not always correctly calculate and timely return unearned Title IV HEA funds to the applicable Federal programs for those students who unofficially withdrew prior to the 60 percent point of the payment period.

Criteria 34 CFR 668.22

Effect The institutions retained unearned Title IV HEA funds that should have been returned to the Title IV HEA programs, and did not always notify or timely notify students and NSLDS of grant overpayments. Also, because the institutions did not notify or timely notify students and NSLDS of grant overpayments, students may have retained Title IV HEA funds for which they were not entitled.

Florida Agricultural and Mechanical University (FAMU)

Condition Of the 15 students tested who unofficially withdrew during the Fall 2003 and Spring 2004 terms, the following errors were noted:

- The institution determined the unofficial withdrawal dates nine days late for 7 students.
- Three student returns were calculated incorrectly resulting in questioned costs totaling $729 ($594 FDSL subsidized and $135 FDSL unsubsidized).
- The institution returned unearned Title IV HEA funds 5 days late for 3 students.
- One student for whom unearned Title IV HEA funds should have been returned did not have a return processed by the institution.

Similar findings were noted in report No. 2004-168, finding No. FA 03-82, and report No. 03-167, finding No. 02-085.

Cause The institution's procedures are not adequate to timely identify students who unofficially withdraw. In addition, the institution did not always follow its procedures to correctly calculate and timely return Title IV HEA funds to the applicable programs.

Recommendation We recommend that the institution return $729 ($594 subsidized and $135 unsubsidized) to the FDSL program. We again recommend that the institution enhance its established procedures to ensure the accurate and timely return of

unearned Title IV HEA funds.

FAMU Response and Corrective Action Plan

The University was unaware that the measures developed would not properly identify students who unofficially withdrew so that the Return of Title IV process could be implemented timely. To fully implement this requirement, it involves several areas of the University working together to resolve this deficiency. The University's President will appoint a University-wide Financial Aid Committee and empower it to address issues across all areas of the University with Title IV HEA compliance responsibilities, to assure that all aspects of the University's Title IV HEA requirements will be fully and timely met. Thus, additional programming will be performed to fully identify all students who unofficially withdraw, and procedures developed to timely and accurately calculate the Return of Title IV HEA Funds, notify the students, and return the unearned funds to the appropriate Federal program within the prescribed time frame. Responsible and knowledgeable personnel will be assigned to monitor this process to ensure on-going compliance with this requirement. The University has returned $729 to the FDSL program.

FAMU Contact and Telephone Number

Dr. Castell V. Bryant, President
(850) 599-3225

Estimated Corrective Action Date

April 30, 2005

Florida Atlantic University (FAU)

Condition

For 3 of 15 students tested who unofficially withdrew from all of their classes, the institution did not identify, calculate, and return unearned Title IV HEA funds until our inquiry. The unearned Title IV HEA funds owed by the institution for the three students totaled $3,533 ($1,940 FFEL unsubsidized, $1,103 FFEL subsidized, and $490 PELL) and were returned 39 to 157 days late. The students' portion totaled $323 (PELL). For a fourth student tested, the institution returned $2,519 unearned Title IV HEA funds 153 days late.

Cause

For the first three exceptions, the instructors entered an incorrect code into the new on-line grade reporting system indicating that the students withdrew after the 60 percent point of the term. Therefore, the institution did not realize that a return of Title IV HEA funds was required.

The fourth student's return was late because, immediately after the term, the student promised to provide support for attendance, but it was never provided. Six months later, an instructor noted that the student had only taken the first exam and therefore could not provide attendance documentation after the 60 percent point of the term. Subsequent to obtaining the information, the institution refunded $2,519 to the applicable Title IV HEA programs.

Recommendation

We recommend the institution encourage faculty to accurately assign the proper codes to the grade reporting system. In addition, the institution should enhance procedures to ensure that the determination of unofficial withdrawals is timely and to timely return Title IV HEA funds to the applicable Federal program accounts.

FAU Response and Corrective Action Plan

Instructions for professors were clarified in the new on-line grade reporting system to prevent such errors. Also, funds are now returned by FAU to HEA programs upon the professor's grade reports. We no longer wait for a student's response.

FAU Contact and Telephone Number

Carole Pfeilsticker
(561) 297-3528

Estimated Corrective Action Date

March 2005

Florida State University (FSU)

Condition

The institution should have calculated a return of Title IV HEA funds totaling $2,808 ($819 FFEL unsubsidized, $1,103 FFEL subsidized, and $886 PELL) for 4 of 15 students tested. The institution implemented attendance tracking software to record attendance for individual courses per semester for students receiving Title IV HEA funds. However, the attendance tracking software missed these 4 students due to a programming error.

Cause

Procedures implemented by the institution to identify students who have unofficially withdrawn were not adequate to always identify unofficial withdrawals and return Title IV HEA funds in a timely manner after the end of the payment period.

Recommendation

We recommend that the institution review and revise their procedures to ensure that students who unofficially withdraw are identified and Title IV HEA funds, when required, are returned timely. Additionally, we recommend the $2,808 ($819 FFEL unsubsidized, $1,103 FFEL subsidized, and $886 PELL) be returned to the applicable Federal programs and lenders.

FSU Response and Corrective Action Plan

FSU repaid the funds to the appropriate programs. Systems refined our process to correct the oversight in the program to ensure proper identification in the future.

FSU Contact and Telephone Number

Darryl Marshall, Director, Florida State University, Office of Financial Aid, 4400-A University Center, Tallahassee, FL 32306

Estimated Corrective Action Date

December, 2004

University of Central Florida (UCF)

Condition

Institutional returns were required for 8 of 15 students tested. For 6 of these 8 students, the institution determined the withdrawal date 65 to 101 days late for 5 students and 12 days late for the other student. A similar finding was noted in report No. 2004-168, finding No FA 03-82.

In addition, the institution's procedure is to identify and return the student's portion of grant overpayments of unearned Title IV HEA funds. However, subsequent to our inquiry, we noted that the institution returned the $82 (PELL) to the program on December 21, 2004, 209 days late.

Cause

The institution's procedures were not adequate to ensured determination of unofficial withdrawals within 30 days after the end of the payment period.

Additionally, the institution relies on their PeopleSoft system to calculate their Title IV HEA funds returns. The system did not correctly calculate the student's portion of the return noted above and could not determine the cause of the miscalculation.

Recommendation

We again recommend that the institution implement procedures to ensure that all students who unofficially withdraw are timely identified for return of Title IV HEA funds and that the institution enhance procedures to ensure that Title IV HEA returns are properly calculated.

UCF Response and Corrective Action Plan

A process has been established that collects the required information on the Grade Roll and is reported at the end of each semester. In cases where academic departments do not provide accurate information, procedures are in place for appropriate follow-up to gather the information.

UCF Contact and Telephone Number

Mary McKinney, Executive Director, Student Financial Assistance
(407) 823-2827

Estimated Corrective Action Date

2/28/05

University of Florida (UF)

Condition

The institution did not timely determine the unofficial withdrawal date for 6 of 15 students tested that unofficially withdrew. The determinations were made from 28 to 34 days late. Subsequent to determining the withdrawal date, unearned Title IV HEA funds were returned to the applicable Federal programs within 30 days.

Cause

Although the institution had established procedures to request documentation from instructors of the last date of attendance at an academically related activity for students receiving failing and incomplete grades for the term, the dates provided by the instructors were not always timely received to determine if a return of Title IV HEA funds was required. Therefore, the institution's procedures for timely returning unearned Title IV HEA funds were inadequate.

Recommendation

We recommend that the institution enhance its return of Title IV HEA funds procedures to comply with Federal regulations.

UF Response and Corrective Action Plan

We agree with the Auditor General's finding. The university's inability to comply with the federal requirements for identifying unofficial withdrawals is a result of difficulties experienced by academic areas in verifying attendance in a timely manner.

In an effort to expedite the process, SFA has contacted the Office of the University Registrar to discuss attendance reporting enhancements that will verify the students attendance at the point in time that grades are submitted by the instructor if a failing grade is reported. This should substantially decrease the time required to identify unofficial withdrawals as well as the number of requests for attendance information sent to the departments.

UF Contact and Telephone Number

Rick Wilder, Associate Director, Student Financial Affairs
(352) 392-6684

Estimated Corrective Action Date

December 2005

University of North Florida (UNF)

Condition

The institution had determined attendance beyond the 60 percent point of the respective term for 9 of 15 students tested that unofficially withdrew during the 2003-04 school year. However, after additional inquiry of faculty regarding the last date of attendance at an academically related activity, it was determined that 3 of the 9 students had in fact withdrawn prior to the 60 percent point of the applicable term and required unearned funds to be returned. Subsequent to audit inquiry, on October 19, 2004, the required amounts totaling $3,180 FFEL ($396 subsidized, $2,671 unsubsidized, and $113 PLUS) were returned to the lender.

Cause

The institution began using an online grading system that requests faculty to provide an attendance code when issuing a grade of "F" or "I". However, the system does not have a date prompted to the attendance code that would clearly provide faculty with the 60 percent point in the term for purposes of identifying the last date of attendance at an academically related activity.

Recommendation

We recommend that the institution enhance procedures to ensure the return of unearned Title IV HEA funds.

UNF Response and Corrective Action Plan

All funds have been repaid to the lenders as of October 19, 2004.

The University has established a procedure to notify faculty of the importance of assigning letter grades to students in the online grading system. Each semester prior to the 60 percent point in the term and again prior to the reporting of grades, information will be disseminated from Academic Affairs to all faculty reemphasizing the importance of assigning grades.

The Office of Financial Aid will conduct a random audit of students who fall into the unofficial withdrawal category each semester. The appropriate faculty will be asked to provide supporting documentation to the Office of Financial Aid in order to verify the accuracy of the grades that are being reported.

UNF Contact and Telephone Number

Janice B. Nowak, Director of Financial Aid
(904) 620-1043

Estimated Corrective Action Date

March 4, 2005

University of West Florida (UWF)

Condition

The institution did not timely determine the unofficial withdrawal date for 13 of 15 students tested who withdrew from all courses. The determinations were made from 178 to 367 days late. Subsequent to our inquiry, the institution determined that 7 of the 15 students tested who unofficially withdrew from all courses received unearned Title IV HEA funds totaling $2,814 ($200 PELL, $530 FPL, $1,810 FDSL subsidized, and $274 FDSL unsubsidized). On January 14, 2005, the institution returned the unearned Title IV HEA funds to the applicable Federal programs. However, returns for 3 of the students were made from 16 to 21 days late. Also, 1 of the 15 students tested who received a grant overpayment was notified 16 days late. Similar findings were noted in report No. 2004-168, finding No. FA 03-82.

Cause

Although the institution implemented procedures to request documentation from instructors of the last date of attendance at an academically related activity for students receiving failing (F), incomplete (I), or withdrawal (W) grades for the term, the dates provided by the instructors were not always accurate or were not received by the Financial and Procurement Services Office to timely determine if a return of Title IV HEA funds was required. Our test disclosed that the unofficial withdrawal date reported by the instructors for 32 of 39 classes tested was incorrect. Therefore, the institution's procedures for timely returning unearned Title IV HEA funds were inadequate.

Recommendation

We recommend that the institution enhance its return of Title IV HEA funds procedures to comply with Federal regulations.

UWF Response and Corrective Action Plan

We concur with the recommendation. The UWF Deans Council discussed the importance of the faculty documenting the last day of attendance or academically related activity for students receiving failing, incomplete, or withdrawal grades for the semester. The Deans are relaying information to their departmental chairs and their faculty about the need and accuracy of this information. In addition, when the staff from the Office of the Registrar communicates with the faculty about posting semester grades, the importance of accurate dates will be reinforced. Therefore, information received by the Financial and Procurement Services Office should be more accurate and provide for timely returning unearned Title IV HEA funds.

UWF Contact and Telephone Number

Dr. Pete Metarko
(850) 474-3386

Estimated Corrective Action Date

June 30, 2005

Central Florida Community College (CFCC)

Condition

Return of Title IV HEA funds were required for 12 of 21 students tested who had unofficially withdrawn. The institution did not timely determine the withdrawal date for 11 of the 12 students, resulting in determinations made 9 to 76 days late. The calculations were incorrect for 9 of the 12 students. Subsequent to our inquiry, the institution returned the unearned Title IV HEA funds totaling $ 3,050 ($715 FDSL unsubsidized, $202 FDSL subsidized, and $2,133 PELL) from 17 to

66 days late.

In addition, the institution notified 5 of the 12 students of their grant overpayments ($916 PELL) 8 to 49 days late. Subsequent to our inquiry, the institution notified the NSLDS of the 5 students' overpayments. Similar findings were noted in report No. 2004-168, finding No. FA 03-82, and report No. 03-167, finding No. 02-085.

Cause

The institution's procedures were not adequate to ensure determination of unofficial withdrawals within 30 days after the end of the payment period.

Recommendation

We again recommend that the institution revise their procedures to ensure that all students who have unofficially withdrawn from the institution are promptly identified so that unearned Title IV HEA funds are returned. The institution should also timely notify students and the NSLDS of grant overpayments.

CFCC Response and Corrective Action Plan

A reporting system and methodology were created by our computer services department during the Spring 2004 term, which assisted the staff in identifying all unofficial withdrawals. Once these reports were available, a staff member began the process of accurately identifying all unoffical withdrawals. Our system now provides end-of-term report listing of grades showing students who received Title IV aid who also received all non-passing grades (i.e. N,F, W, I). The Financial Aid Office developed a Standard Operating Procedure whereby the Senior Financial Aid Specialist has primary responsibility for monitoring all unoffical withdrawals via the end-of-term report, calculating all required R2T4's, notifying students of their financial obligations, notifying the Business Office of CFCC's financial obligations, and reporting all applicable students to NSLDS on a daily basis as needed.

CFCC Contact and Telephone Number

Sheryl Graham - Executive Director, Financial Aid and Admissions

Estimated Corrective Action Date

Completed

Florida Keys Community College (FKCC)

Condition

The institution failed to timely identify and return $2,477 ($1,174 PELL, $442 FFEL subsidized, and $861 FFEL unsubsidized) to the applicable Title IV HEA programs, for 5 of 15 students tested. The funds were returned 6 to 100 days late. For 2 of the 15 students, the institution notified the students of grant overpayments 50 and 88 days late. In addition, for 1 student, due to a miscalculation of the student's percentage of completion, the institution returned $367 PELL which should not have been returned. A similar finding was noted in report No. 2004-168, finding No. FA 03-82.

Cause

The institution's procedures were not adequate to ensured determination of unofficial withdrawals within 30 days after the end of the payment period. In addition, the institution did not always follow its procedures to timely return funds to Title IV HEA programs and to notify students of grant overpayments.

Recommendation

We again recommend that the institution revise its procedures to ensure that all students who have unofficially withdrawn from the institution are promptly identified so that unearned Title IV HEA funds are returned to the Federal programs and lenders. The institution should also timely notify students of grant overpayments.

FKCC Response and Corrective Action Plan

Floirda Keys Community College did enhance its procedures for the return of Title IV funds with respect to "Unofficial Withdrawals". The students that were questioned were students that received at least one "I" (incomplete) for the semester. We spent the time to contact the student and/or the instructor to see if the "I" would be changed to a passing grade. It is stated in our catalog that a student has up to four months to complete the class requirements for a grade

when an "Incomplete" has been given.

In order to help the financial aid office identify "unofficial" withdrawals, Florida Keys Community College has added an additional grade "FN" to the grading system. This was effective for the fall term of the 2004-2005 academic year. If a student receives an "Incomplete" and does not comply with the class requirements, the grade becomes an "F" which is an earned "F". The "FN" is awarded to students who do not officially withdraw from the course, but who failed to participate in the course activities through the end of the period. It is used when, in the opinion of the instructor, completed assignments or course activities or both are insufficient to make normal evaluation of academic performance possible.

With the change in the grading system, we will be able to immediately identify those students who have "unofficially" withdrawn by the fact of their receiving an "FN" grade.

The $367 which was miscalculated on the Title IV refund calculation was requested from the USDOE and was credited to student's account on February 7, 2005.

FKCC Contact and Telephone Number

Cary Trantham
(305) 296-9081, ext 236

Estimated Corrective Action Date

Program	Date	Returned	Amount	Total
PELL	3-8-2004	$396.		
	3-8-2004	778.	$1,174.	
FFEL(sub)	4-15-2004			442.
FFEL (unsub)	4-15-2004	522.		
	5-27-2004	339.		861.
PELL(student)	4-16-2004	363.		
	3-8-2004	117.		480.
RETURNED	($2,477 + $480)		$2,957.00	

Gulf Coast Community College (GCCC)

Condition

We reviewed the institution records for 29 students who withdrew from the institution without providing official notification and had received Title IV HEA funds. In some instances, their instructors provided administrative notification of the students' unofficial withdrawals. We noted the following:

- In seven instances, the institution did not determine within 30 days after the end of the payment period that Title IV HEA funds had not been earned. Determinations were 136 to 184 days late. Subsequent to our inquiry, the institution returned $6,907 ($4,149 PELL, $2,506 FFEL subsidized, and $252 FFEL unsubsidized) for the seven students to the appropriate Title IV HEA accounts. Amounts were returned from 6 to 211 days late.
- The institution notified 4 students of their grant overpayments 2 to 205 days late and reported 9 student grant overpayments to NSLDS 3 to 232 days late.

A similar finding was noted in report No. 2004-168, finding No. FA 03-82.

Cause

The institution has not implemented adequate procedures to identify all students who withdraw without providing official notification. In addition, the institution staff did not always follow established procedures to timely return unearned Title IV HEA funds and to timely notify students and NSLDS of grant overpayments.

Recommendation

We recommend that the institution enhance its procedures to timely identify all students who have unofficially withdrawn from the institution. We also

recommend that institution adhere to established procedures to timely return Title IV HEA funds to the applicable lender and Federal programs, and to timely notify students and NSLDS of grant overpayments.

GCCC Response and Corrective Action Plan

The institution has implemented procedures to identify students who receive Title IV funds and withdraw without notification. A report is run to identify students who have withdrawn a) twice monthly during the semester, b) at the end of the semester, and c) 30 days after the end of the semester when incomplete grades change to "F" grades. The Return to Title IV calculation is performed using the 50% point as the withdrawal date for students receiving a W2 or W3 to ensure the correct calculation and the timely return of funds and reporting to NSLDS.

GCCC Contact and Telephone Number

Judy Mitchell, Director of Financial Aid

Estimated Corrective Action Date

February 16, 2005

Hillsborough Community College (HCC)

Condition

For 11 of 15 students tested, the institution did not determine that these students were unofficial withdrawals and did not perform Title IV HEA funds calculations until subsequent to our inquiry. The determinations were made from 43 to 141 days late. The unearned Title IV HEA funds totaled $7,372 ($2,313 PELL, $1,529 FFEL subsidized, and $3,530 FFEL unsubsidized), however, subsequent to audit inquiry all funds had been returned except $438 FFEL unsubsidized. Also, 5 students did not take positive action to return their portion of unearned PELL grant funds and the institution notified NSLDS from 3 to 94 days late.

In addition, for 6 of the 15 students who unofficially withdrew during the Fall 2003 and Spring 2004 terms, the institution did not correctly count the number of days. This error resulted in institutional overpayments totaling $164 ($2 PELL and $162 FFEL unsubsidized) and student overpayments totaling $8 PELL.

Cause

The institution did not correctly calculate the number of calendar days used for determining the amount of earned and unearned Title IV HEA funds. In addition, the institution did not always follow its established procedures for identifying unofficial withdrawals, determining the withdrawal date, timely returning Title IV HEA funds, and notifying students and NSLDS of grant overpayments.

Recommendation

We recommend that the institution revise its procedures to ensure that all students who have unofficially withdrawn are promptly identified and, when required, accurately calculate and timely return Title IV HEA funds to comply with Federal regulations. In addition, the procedures should include timely notifying students and NSLDS of grant overpayments. We recommend that the institution return the remaining $438 FFEL unsubsidized to the lender.

HCC Response and Corrective Action Plan

The institution revised the unofficial withdrawals procedure for the Return of Title IV Funds. The college's procedure now specifies each item necessary to ensure the notification and completion of the required processes in a timely fashion.

Fall 2004, the College implemented the usage of a new grade, "FX". The purpose of the "FX" grade is to identify students who received an "F" grade as the result of excessive absences. The Faculty member awards the "FX" grade and records the final date of attendance.

In addition, Spring 2005, the college hired two full-time District Financial Aid staff members whose primary responsibility is for the timely identification and notification to students. Furthermore, the staff member will be responsible for the calculating, monitoring of unpaid balances, and the coding of the obligation onto the students' accounts to the National Student Loan Data Systems (NSLDS). Finally, they will refer the debt to the Department of Education as required by the

Return of Title IV program regulations.

HCC Contact and Telephone Number

Charlotte Johns-Rich, Director of Financial Aid
(813) 253-7160

Estimated Corrective Action Date

February 15, 2005

Lake-Sumter Community College (LSCC)

Condition

For 10 of 20 students tested who had unofficially withdrawn, return of Title IV HEA funds were required. For the 10 students, the institution did not timely determine the withdrawal date, resulting in determinations made 104 to 230 days late. Also, for the 10 students noted, the institution returned Title IV HEA funds of $4,707 ($3,216 PELL, $847 FFEL unsubsidized, and $644 FFEL subsidized) and the student's portion of overpayments was $2,807 ($2,177 PELL and $630 FFEL, subsidized). For 2 of the 10 students, the return to Title IV HEA calculations were incorrect. Subsequent to our inquiry, the institution returned unearned Title IV HEA funds totaling $91 (PELL) 162 days late. In addition, for 8 of 10 students the institution reported grant overpayments to the NSLDS from 117 to 178 days late. A similar finding was noted in audit report No. 2004-168, finding No. FA 03-82.

Cause

The institution did not have adequate procedures to identify students who unofficially withdrew. In addition, the institution did not always follow its procedures to timely return funds to Title IV HEA programs and to notify the NSLDS of grant overpayments. The institution also used an incorrect withdrawal date in two instances.

Recommendation

We again recommend that the institution revise their procedures to ensure that all students who have unofficially withdrawn from the institution are promptly identified so that unearned Title IV HEA funds are returned timely. The institution should also timely notify NSLDS of grant overpayments.

LSCC Response and Corrective Action Plan

Unofficial withdrawals were not adequately identified in a timely manner due to unavailability of the last date of attendance from instructors for students who unofficially withdrew from classes. In addition, the Admission office used the date of input instead of the date of withdrawal as an official withdrawal date. The effects of both occurrences caused lateness of reporting overpayments to NSLDS. As a corrective measure, multiple departments have reviewed and revised procedures to automate processes that will assist in timely reporting of overpayments to NSLDS and also ensure compliance of federal regulations. Effective December 2004, procedures were changed and are now in place.

LSCC Contact and Telephone Number

Audrey Maxwell
(352) 365-3510

Estimated Corrective Action Date

Already Complete

Miami Dade College (MDC)

Condition

Of the 15 students tested who unofficially withdrew during the Fall 2003 and Spring 2004 terms, we noted for 4 students, the institution returned unearned Title IV HEA funds totaling $823 (PELL) 50 to 309 days late. Subsequent to audit inquiry, the institution returned unearned Title IV HEA funds totaling $436 (PELL). Additionally, the institution notified the 4 students of grant overpayments 47 to 306 days late. Similar findings were noted in report No. 2004-168, finding No. FA 03-82.

Cause

The institution recently implemented procedures to identify students who received Title IV HEA funds and unofficially withdrew from all courses. However, certain grade reporting criteria were not required or strictly enforced during the early implementation stages (the beginning of the 2003-04 academic year). As a result,

not all students who unofficially withdrew were identified.

Recommendation

We recommend that the institution correctly calculate and return funds to the applicable Title IV HEA programs and timely notify students of grant overpayments. The institution should continue to improve their current procedures and computer system, in order to ensure that the appropriate measures are considered in the determination of return of Title IV HEA funds.

MDC Response and Corrective Action Plan

The College agrees with the recommendation and, as noted, has taken the actions required to address the issues raised in the finding. It should be noted that all of the sampling errors noted in the finding preceded the issuance of the prior year audit report, and thus the College's associated corrective actions.

MDC Contact and Telephone Number

Gregory Knott, Associate Vice Provost - Accounting Services
(305) 237-0825

Estimated Corrective Action Date

Completed.

Palm Beach Community College (PBCC)

Condition

Of the 15 students tested who unofficially withdrew during the Fall 2003 and Spring 2004 terms, we noted the following:

- During the Fall 2003 term, the institution did not timely determine the unofficial withdrawal dates for 8 of 15 students tested who unofficially withdrew during the term. Days late were 7 to 8 days.
- For 3 of the 8 students, the institution failed to timely return unearned Title IV HEA funds totaling $1,259 ($418 FFEL unsubsidized and $841 FFEL subsidized) to lenders within 30 days after determining the student withdrew. The returns were 63 and 64 days late.

A similar finding was noted in report No. 2004-168, finding No. FA 03-82.

Cause

The institution employee responsible for monitoring unofficial withdrawals was on extended leave and another employee was not designated to handle the return to Title IV HEA responsibilities. Also, staff turnover contributed to the issues noted above.

Recommendation

We recommend that the institution enhance their procedures to ensure the timely determination of unofficial withdrawals and the timely return of Title IV HEA funds to the applicable lenders and Federal programs in accordance with Federal regulations.

PBCC Response and Corrective Action Plan

While the designated employee was out sick, we did train another staff member to handle R2T4. There were problems with the interim employee receiving the reports on time. Also, the R2T4 software was a stand alone version making it difficult for another employee to track students. We are switching to the web version of R2T4 effective Fall term, 2005 which will allow multiple staff to access information if needed. The Associate Director is now overseeing the R2T4 process and performing internal audits to make sure we stay in compliance.

PBCC Contact and Telephone Number

Michele Bowles or Amy McDonald
(561) 868-3391

Estimated Corrective Action Date

Spring term, 2005 and Fall term, 2005.

Polk Community College (PCC)

Condition

We reviewed the institution's records for 16 students who earned all failing or withdrawal grades (F or W). Nine of the 16 students unofficially withdrew prior to the 60 percent point of the payment period. The institution had incorrectly

identified 2 of the students as official withdrawals and had returned $971 to the PELL grant program 5 and 7 days late. However, subsequent to our inquiry, the institution determined the withdrawal date for the remaining 7 of the 9 students. As a result, the institution untimely returned (180 to 380 days late) $3,232 to the PELL grant program for the 7 students. In addition, the institution had not notified the NSLDS of 5 students' grant overpayments. A similar finding was noted in report No. 2004-168, finding No. FA 03-82.

Cause

The institution did not have procedures to identify students who had unofficially withdrawn and to timely return Title IV HEA funds. The institution had not established a system to monitor student grant repayments and to timely notify the NSLDS of grant overpayments when applicable.

Recommendation

We recommend that the institution implement procedures to timely determine, timely return Title IV HEA funds to the applicable Federal programs, and timely notify the NSLDS when applicable for students who unofficially withdraw.

Polk CC Response and Corrective Action Plan

The Registrar and Financial Aid offices will work together to request attendance verification from instructors at key periods within each term in an effort to allow for more timely and accurate reporting to NSLDS, and return of Title IV HEA funds for unofficial withdrawals. A final review of the academic records will be completed by the Financial Aid office after grades post to determine any additional W/F type billings.

Polk CC Contact and Telephone Number

Teresa B. Vorous, Comptroller
(863) 297-1089

Estimated Corrective Action Date

April 14, 2005

Seminole Community College (SCC)

Condition

For 8 of 15 students tested, return of Title IV HEA funds were required. For 5 of 8 students, the institution did not determine within 30 days after the payment period whether funds were earned. Days late ranged from 19 to 48. For 7 of the 8 students, the institution did not return unearned Title IV HEA funds totaling $3,001 ($1,179 FFEL subsidized and $1,822 PELL) within 30 days of the date of the determination. Unearned funds totaling $2,436 were returned from 8 to 28 days late for 6 students. As of November 17, 2004, 118 days late, $565 FFEL subsidized funds had not been returned for the other student. In addition, 4 of the 8 students with grant overpayments were reported to NSLDS 37 to 80 days late.

Cause

The institution did not have adequate procedures to identify students who unofficially withdrew. In addition, the institution did not always follow its procedures to timely return funds to Title IV HEA programs and to notify the NSLDS of grant overpayments. The institution noted that there were staff shortages which contributed to the issues noted above.

Recommendation

We recommend that the institution enhance its established procedures to ensure the prompt identification of students who have unofficially withdrawn from the institution to timely return unearned Title IV HEA funds, and to timely notify the NSLDS of grant overpayments. In addition, we recommend that the remaining $565 FFEL subsidized be returned to the lender.

SCC Response and Corrective Action Plan

The institution acknowledges the finding. With the new system implementation, a term-end enrollment report is being produced after grade posting which identifies students with unofficial withdrawals and zero GPA's for the term. Last dates of attendance are reported by instructors to determine earned financial aid amounts as well as return of Title IV HEA. Procedures have been enhanced to document notifications to the students as well as the applicable Federal lenders and programs.

SCC Contact and Telephone Number	Robert E. Lynn, Director of Student Financial Resources (407) 328-2044
Estimated Corrective Action Date	July 1, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-101**
CFDA Number	84.032, 84.038, and 84.063
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL)
Compliance Requirement	Special Tests and Provisions – Return of Title IV HEA Funds – Non-Attendance
State Educational Entity	**State Universities and Community Colleges – University of Central Florida (UCF)**
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - $17,138 ($10,670 FFEL subsidized, $3,106 FFEL unsubsidized, $2,862 PELL, and $500 FPL)
Finding	The institution did not always document attendance in at least one class for students who received Title IV HEA funds and received all failing, incomplete, and withdraw (F/I/W) grades.
Criteria	34 CFR 668.21 and 682.604(d)(4)(i-ii)
Condition	For 6 of 15 students tested, the institution was unable to provide documentation that the student attended at least one class during the semester. Subsequent to our inquiry, the institution provided documentation for 1 of the 6 students who received $4,586 ($2,667 FFEL subsidized, $907 FFEL unsubsidized, and $1,012 PELL).
Cause	Generally, there is no requirement by the institution to take attendance and instructors decide whether or not taking attendance is required at any point during the term. Many choose not to take attendance and either do not retain other forms of student attendance documentation or retain them for brief periods.
Effect	Absent documentation that a student attended at least one class session during a term, the institution may be required to return Title IV HEA funds that were disbursed or credited to that student.
Recommendation	We recommend that the institution develop adequate procedures to monitor and document attendance in at least one class for students who receive Title IV HEA funds. We also recommend that the institution repay the remaining questioned costs totaling $12,552 ($8,003 FFEL subsidized, $2,199 FFEL unsubsidized, $1,850 PELL, and $500 FPL) to the appropriate Title IV HEA lenders and programs.
UCF Response and Corrective Action Plan	A committee is being established to assist in identifying a process for documenting student attendance. We hope to work through the planning and establishment of this process for the 2005-2006 academic year. The remaining questioned costs are being calculated for repayment as recommended. The process is estimated to be completed by April 1, 2005.
UCF Contact and Telephone Number	Mary McKinney, Executive Director, Student Financial Assistance (407) 823-2827
Estimated Corrective Action Date	1/1/06

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-102**
CFDA Number	84.032 and 84.268
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Family Education Loans (FFEL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Special Tests and Provisions – Student Status Changes – National Student Loan Data System (NSLDS) Roster File
State Educational Entity	**State Universities and Community Colleges**
Finding Type	Material Noncompliance

Finding

Nine institutions did not accurately or timely report changes in student loan borrowers' enrollment status. Unless the institution expects to submit its next roster file (enrollment data) to NSLDS within 60 days, it must notify the NSLDS within 30 days of discovering that a student who received an FFEL or FDSL loan ceased to be enrolled on at least a half-time basis.

Criteria

34 CFR 682.610(c) and 685.309(b)

Effect

When NSLDS is not notified, or not timely notified, NSLDS may not have current data on student loan borrowers' enrollment status and lenders may not be aware when a student ceases at least half-time enrollment, thereby not starting the grace period for repayment of student loans.

Florida Gulf Coast University (FGCU)

Condition

We tested 11 students who withdrew or graduated during the 2003-04 terms. Six of the students withdrew during the Fall or Spring 2003-04 terms and the institution reported to NSLDS the enrollment status changes 99 to 241 days late. For three of the students that graduated, the institution reported to NSLDS the enrollment status changes 81 to 161 days late. In addition, the graduates were incorrectly reported as withdrawals.

Cause

It appears that, due to errors in the institution's reporting software, enrollment status changes are not being reported accurately and timely by the institution to NSLDS.

Recommendation

We recommend that the institution enhance procedures to ensure that enrollment status changes for students who graduate or cease at least half-time enrollment are accurately and timely submitted to NSLDS.

FGCU Response and Corrective Action Plan

We agree the finding is accurate and are currently working to resolve the issue. During the investigation of the mentioned students, it was noted that the student information system (Banner) was correctly updating student status upon course status change events. However, this change in credit hours was not properly transferred to the NSLDS's SSCR (Student Status Confirmation Report) during the download. In researching the errors, it was noted that the time-status update field on SOATERM was not checked for the 200308 and 200401 terms. The time-status update field allows for credit hour recalculation to be posted in the enrollment verification portion of Banner. This is the area that drives the information that is fed to the SSCR report. The reason for the unchecked field was due to Banner upgrade problems during the academic year 2003-04, which affected the fee tables and tuition calculations. Credit hour calculations are tied to SOATERM and the appropriate field is typically checked when a new term is established were not checked. However, for the AY 2003-04 the field was not checked; therefore the SSCR reports could not pick up the student status changes in a timely manner. All other terms set-up prior to and after the AY2003-04 have the time status update field checked, as needed. FGCU will convert to the National Student Clearinghouse this term. FGCU has a signed contract with the NSC and has begun implementation. Since Banner supports the Clearinghouse enrollment verification functions, moving to the Clearinghouse will

allow clean extractions from Banner with no interfaces required. This means the data will be accurate and sent to the NSC in a timely manner.

FGCU Contact and Telephone Number

Marsha Bankston, University Registrar
Florida Gulf Coast University
(239) 590-7892

Estimated Corrective Action Date

Conversion to National Student Clearinghouse electronic feed should occur no later than Friday, April 1, 2005

Florida State University (FSU)

Condition

Student status changes for 12 of 22 students tested were either not reported or not reported timely to NSLDS. The numbers of days late were 20 and 35 for two students. As of December 17, 2004, the remaining 10 students had not been reported. Federal regulations governing Title IV HEA programs require institutions to monitor and update the enrollment status of students who receive Federal student loans. Unless the institution expects to complete its next Roster File within 60 days, the institution must notify NSLDS within 30 days if it discovers that a student either did not enroll or ceased to be enrolled on at least a half-time basis.

Cause

The institution relies on the National Student Clearinghouse for the administration of Title IV HEA programs in transmitting student status changes to NSLDS. The institution should have a monitoring procedure in place to ensure that student status changes to NSLDS are submitted timely.

Recommendation

We recommend that the institution work with the Clearinghouse and NSLDS to correct the submission problem or develop alternative procedures to timely provide NSLDS with students' enrollment status information.

FSU Response and Corrective Action Plan

FSU manually updated NSLDS for Spring, 2005. FSU has also corrected the submission problem and has put procedures in place to ensure that student status changes to NSLDS are submitted timely.

FSU Contact and Telephone Number

Darryl Marshall, Director, Florida State University, Office of Financial Aid, 4400-A University Center, Tallahassee, FL 32306

Estimated Corrective Action Date

January, 2005

University of Central Florida (UCF)

Condition

For 6 of 14 students tested, enrollment status changes were not reported to NSLDS within 60 days of the status change. The enrollment status changes were reported 26 to 49 days late. A similar finding was noted in report No. 2004-168, finding No. FA 03-84.

Cause

The institution did not have adequate procedures to timely notify NSLDS.

Recommendation

We again recommend that the institution enhance its procedures to monitor and timely report student loan borrowers' enrollment status changes to NSLDS.

UCF Response and Corrective Action Plan

The Registrar's Office has initiated the following:

1) Added additional Registrar's Office personnel to the National Student Clearinghouse (NSC) for login and review of records (February 11, 2005)

2) Added additional transmission dates to the National Student Clearinghouse so that there is no reporting gap in excess of 60 days (February 11, 2005)

3) Developed internal report preparation programs in PeopleSoft as well as stand-alone programs to improve accuracy and quickly identify student status changes (February 23, 2005)

4) Added additional Registrar's Office personnel to the NSLDS web site to monitor

	transmissions from NSC (March 3, 2005)
UCF Contact and Telephone Number	Dennis J. Dulniak, University Registrar (407) 823-5454
Estimated Corrective Action Date	3/3/05

Central Florida Community College (CFCC)

Condition	The institution reported to NSLDS enrollment status changes for 4 of 13 students tested from 9 to 24 days late. In addition, the institution did not report the enrollment status change for another of the 13 students who had graduated in Spring 2004. A similar finding was noted in report No. 2004-168, finding No. FA 03-84.
Cause	The institution had scheduled a regular roster file submission for November 17, 2003, however, it was not submitted until December 8, 2003, due to problems implementing new computer software relating to student records. At the time of the final submission of enrollment data for Spring 2004, the institution had not identified all students who were eligible to graduate and therefore did not submit any Spring 2004 graduates to the NSLDS.
Recommendation	We recommend that the institution enhance procedures to ensure that enrollment status changes for students who graduate, withdraw, or cease to be enrolled at least half-time are timely submitted to the NSLDS.
CFCC Response and Corrective Action Plan	The college utilizes the National Student Clearinghouse (NSC) to submit our changes in enrollment status to NSLDS. Each term, we have three regularly scheduled submissions which occur every 60 days. In addition, we have added a graduate only submission which occurs within 30 days after the end of the term. For 2004-2005, CFCC is continuing to work through the implementation of its new software system. All Fall 04 and Spring 05 (to date) required transmissions have occurred in accordance with the required transmission schedule. The first automated "graduate only" submission occurred in January, 2005, and reported the Fall 04 graduates.
CFCC Contact and Telephone Number	Sheryl Graham - Executive Director, Financial Aid and Admissions
Estimated Corrective Action Date	Completed

Edison College (EC)

Condition	As of the time of our review, the institution had not reported the enrollment change for 4 of 15 students who officially withdrew from the school. In addition, the institution did not timely report to NSLDS the enrollment status changes for 9 students who officially withdrew, reporting from 49 to 170 days late.
Cause	Although the institution regularly submitted enrollment data during the Fall 2003 and Spring 2004 terms, it appears that the institution's computer software did not report, due to a programming error, status changes for students who officially withdrew during the term. The software only reported a student's status change as 'withdrawn' if the student was never enrolled during the reporting term.
Recommendation	We recommend that the institution enhance procedures to ensure that enrollment status changes for students who withdraw or cease to be enrolled at least half-time are timely submitted to the NSLDS.
EC Response and Corrective Action Plan	This was the result of a programming error in the College's computer system. The programming error has since been corrected. The final Fall 2004 enrollment verification file was retransmitted to the Clearinghouse on January 28, 2005. The initial Spring 2005 enrollment verification file was also retransmitted to the

	Clearinghouse on January 31, 2005.
EC Contact and Telephone Number	Lester Lugo (239) 489-9349
Estimated Corrective Action Date	Completed
	Miami Dade College (MDC)
Condition	Enrollment status changes for 4 of 20 student loan borrowers were not reported within 30 days to NSLDS, or within 60 days on the next Roster File to NSLDS. NSLDS was notified of the enrollment status changes from 17 to 291 days late. The enrollment student status changes were due to students ceasing at least half-time enrollment, withdrawing, or graduating.
Cause	Although scheduled transmission dates for reporting student enrollment status changes exist, the institution did not timely report these changes to NSLDS. The scheduled transmission dates established may not be adequate to ensure timely transmission of student status changes to NSLDS.
Recommendation	We recommend that the institution enhance its procedures to monitor student loan borrowers' enrollment changes more closely to ensure the prompt notification to NSLDS. We further recommend more frequent transmissions to NSLDS in order to ensure compliance with timely reporting.
MDC Response and Corrective Action Plan	The College agrees with the recommendation, though it wishes to clarify that while the College's submissions to the third party clearinghouse used by the College and most other State Community Colleges were made timely, it is the clearinghouse that has not been reporting them within the necessary time to NSLDS. The College recognizes that this is ultimately its responsibility and will work with the existing clearinghouse or another vendor or will explore the possibility of directly reporting to NSLDS to ensure the necessary timelines are met in the future.
MDC Contact and Telephone Number	James C. McMillan II, College Director - Student Financial Assistance Programs (305) 237-8085
Estimated Corrective Action Date	September 1, 2005.
	St. Petersburg College (SPC)
Condition	Enrollment status changes were not reported to NSLDS for 5 of 6 students tested who officially withdrew from the institution and received FFEL loans. For the sixth student, NSLDS was notified 48 days late.
Cause	Due to programming errors, enrollment data submitted to NSLDS did not accurately report enrollment status changes of the students who officially withdrew.
Recommendation	We recommend that the institution correct the programming errors so that enrollment status changes are timely and accurately reported to NSLDS.
SPC Response and Corrective Action Plan	The College is in the process of evaluating and correcting the programming to ensure that enrollment status changes are timely and accurately reported to NSLDS through the National Student Clearinghouse.
SPC Contact and Telephone Number	Martyn Clay, College Registrar (727) 712-5892
Estimated Corrective Action Date	March 4, 2005

Seminole Community College (SCC)

Condition	For 3 of 5 students tested who withdrew, a status change was not reported to NSLDS within 30 days and the roster file was not submitted within the next 60 days. NSLDS was notified from 17 to 106 days late.
Cause	Due to inadequate procedures, the institution failed to notify NSLDS within 30 days of an enrollment change when the roster file was not submitted within the next 60 days. The institution noted that all status changes for the Fall 2003 and Spring 2004 semester were not reported until the May 26, 2004, submission. This was the result of the institution's conversion to a new computer system, which delayed the reporting process to NSLDS.
Recommendation	We recommend that the institution enhance its procedures to more closely monitor and report student loan borrowers' enrollment changes to ensure the prompt notification to NSLDS.
SCC Response and Corrective Action Plan	The institution acknowledges the finding. Procedures have been enhanced to document notification of students who cease to be enrolled at least half-time. In addition, weekly enrollment reports are now being produced which identifies students with enrollment changes, including withdrawals. More timely enrollment certifications/transmission with the National Student Clearinghouse will be processed to assist in the timely reporting necessary for the NSLDS.
SCC Contact and Telephone Number	Robert E. Lynn, Director of Student Financial Resources (407) 328-2044
Estimated Corrective Action Date	July 1, 2005

Valencia Community College (VCC)

Condition	For 4 of 16 students tested, the institution was 22 to 121 days late in reporting enrollment status changes to NSLDS. Additionally, the institution had not reported the status changes to NSLDS for 4 other students who had withdrawn and subsequently re-enrolled and, as of January 17, 2005, were 192 to 303 days late. Similar findings were noted in report No. 2004-168, finding No. FA 03-84. We also noted an additional student loan borrower's enrollment status was never reported to NSLDS. This student was continuously enrolled full-time from Fall 2002 through Fall 2004.
Cause	Due to inadequate procedures, the institution did not notify NSLDS within 30 days of an enrollment change when the roster file was not submitted within the next 60 days.
Recommendation	We recommend that the institution enhance procedures to ensure that enrollment status changes for students who withdraw or cease to be enrolled at least half-time are timely submitted to the NSLDS.
VCC Response and Corrective Action Plan	We concur with this finding. The Director of Admissions and Records has implemented procedures to ensure that enrollment status changes are timely submitted to the National Student Clearinghouse.
VCC Contact and Telephone Number	Keith W. Houck 407-582-3465
Estimated Corrective Action Date	Corrective action has been taken as of March 11, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-103**
CFDA Number	84.032 and 84.268
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Family Education Loans (FFEL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Special Tests and Provisions – Student Status Changes - Exit Counseling
State Educational Entity	**State Universities and Community Colleges**
Finding Type	Material Noncompliance
Finding	Ten institutions did not always perform exit counseling for FFEL or FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
Criteria	34 CFR 682.604(g) and 685.304
Effect	When exit counseling materials are not provided, FFEL or FDSL student loan borrowers may not be fully aware of their loan repayment obligations. This could lead to an increased default rate at the institution.

Florida Agricultural and Mechanical University (FAMU)

Condition	Eight of 18 students did not have an exit interview attempted when one was required. A similar finding was noted in report No. 2004-168, finding No. FA 03-85.
Cause	The institution's established exit counseling procedures are not adequate to ensure that exit counseling materials are sent to FDSL student loan borrowers as required.
Recommendation	We again recommend that the institution enhance its procedures to monitor FDSL student loan borrower's enrollment changes to ensure that exit counseling is performed or exit counseling materials are provided within 30 days of a student graduating, withdrawing, or ceasing at least half-time enrollment.
FAMU Response and Corrective Action Plan	The University has implemented new automated procedures, using the PeopleSoft Student system, to identify FDSL students who withdraw, drop below one-half time enrollment, and who graduated, and notify them of their requirement to complete the exit counseling and comply with the Federal regulations. Responsible personnel have been assigned to timely review the automated process and send the notifications to students who are required to attend exit counseling. Supervisors will periodically test the accuracy of the automated process against the University's Registration system for accuracy, and to ensure proper monitoring and full compliance.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	August 31, 2004

Florida Gulf Coast University (FGCU)

Condition	We tested the records for 11 students who received FFEL loans and graduated or withdrew. For 4 of the 11 students tested, the institution did not provide exit counseling materials within 30 days of graduation or withdrawal.
Cause	The institution has not developed adequate procedures to provide exit counseling materials to FFEL student loan borrowers who withdraw.

Recommendation

We recommend that the institution implement procedures to provide exit counseling materials for FFEL student loan borrowers who graduate or withdraw. In addition, we recommend that exit counseling materials be provided to the students noted.

FGCU Response and Corrective Action Plan

The Financial Aid Office at FGCU has developed and implemented a process for identifying and notifying students who have completely withdrawn, graduated, or dropped below half-time enrollment status, and who are FFEL borrowers. These students must consequently be contacted regarding their Exit Loan Counseling requirement. A "population selection" has been written by the financial aid office staff which identifies students in Banner (the university's student information system) who meet one of these criteria. This job will be run bi-weekly from the beginning of class each semester until the deadline for withdrawal that semester in order to identify students who officially withdraw or drop below half-time enrollment. It will resume at the end of each semester through the period when grades are posted and graduation is recorded in order to identify students who graduate or have unofficially withdrawn. At this point, notification is sent to students by letter via U. S. Postal Service. We are close to completion of a project that will allow us to notify students selected in this process more quickly by e-mail.

FGCU Contact and Telephone Number

Kevin McGowan,Director of Financial Aid
Florida Gulf Coast University
(239) 590-7949

Estimated Corrective Action Date

As of February 10, 2005, Corrective Action has already been implemented.

University of Central Florida (UCF)

Condition

Subsequent to our inquiry, exit counseling materials were provided 233 to 436 days late for 13 of 15 students tested that withdrew from the Fall 2003 or Spring 2004 terms. Similar findings were noted in report No. 2004-168, finding No. FA 03-85, and report No. 03-167, finding No. 02-088.

Cause

The institution did not have adequate procedures to timely identify students that required exit counseling.

Recommendation

We again recommend that the institution enhance its procedures to monitor student loan borrowers' enrollment changes to ensure that exit counseling is performed or exit counseling materials are provided within 30 days of a student withdrawing.

UCF Response and Corrective Action Plan

An automated program has been developed and implemented that identifies the appropriate students and initiates the appropriate communications to the impacted students. The program will run multiple times during the semester in order to capture all changes as required.

UCF Contact and Telephone Number

Mary McKinney, Executive Director, Student Financial Assistance
(407) 823-2827

Estimated Corrective Action Date

1/30/05

Broward Community College (Broward CC)

Condition

We tested 15 student loan borrowers who received FFEL loans and graduated, withdrew or ceased to be enrolled at least half-time. Exit counseling materials were sent 130 to 181 days late for 3 of the 15 student borrowers tested. A similar finding was noted in report No. 2004-168, finding No. FA 03-85.

Cause

The institution's procedures did not always identify student loan borrowers that ceased at least half-time enrollment to ensure that exit counseling materials are

sent timely.

Recommendation We recommend that the institution enhance current procedures to ensure that student loan borrowers who cease at least half-time enrollment are identified and exit counseling materials are timely provided.

Broward CC Response and Corrective Action Plan Individual circumstances continue to arise wherein students who should have received exit counseling materials were not properly identified. In order to simplify and improve the process for identifying such students, the College has requested that additional computer programs be written to capture all students needing Exit Counseling materials.

Broward CC Contact and Telephone Number Marcia Conliffe

Associate Vice President - Student Success & Enrollment Management Services

(954) 201-7634

Estimated Corrective Action Date Fall 2005

Central Florida Community College (CFCC)

Condition We tested the records of 13 students who received FDSL loans and who ceased to be enrolled at least half-time during the Fall 2003 and Spring 2004 terms. The institution provided exit counseling information from 11 to 101 days late to 5 of 13 students tested. For another 5 of the 13 students, the institution did not provide exit counseling information until it informed all student loan borrowers after the end of the Summer 2004 term, which was in some instances months late.

Cause The new software system implemented by the institution did not provide a report of student enrollment changes to Financial Aid staff until late Spring 2004.

Recommendation We recommend that the institution implement procedures to identify all students who graduate, withdraw, or cease to be enrolled at least half-time and to ensure that exit materials are timely provided.

CFCC Response and Corrective Action Plan The college computer services department has developed an automated procedure whereby the software system generates an exit counseling contact for the student who has graduated. This automated process was put into place for the Spring 2004 term. The process of notifying students who have withdrawn or dropped below half time enrollment of the need to conduct exit counseling is handled weekly by the Financial Aid Specialist responsible for loans. The Financial Aid Specialist runs a report on a weekly basis and is also in daily communication with the Records Specialist who processes the withdrawal forms. The automation of this portion of the process is being developed by the computer services department.

CFCC Contact and Telephone Number Sheryl Graham - Executive Director, Financial Aid and Admissions

Estimated Corrective Action Date Completed

Florida Keys Community College (FKCC)

Condition For 12 of 13 students tested, the institution did not provide exit counseling materials by mail (or by electronic means) within 30 days after the student borrower had ceased at least half-time enrollment. Although a postcard advising students to go to a website was sent timely, Federal regulations require exit counseling materials to be mailed or an electronic notice be sent. The postcard did not include the exit counseling materials and no electronic notice was sent. One of the thirteen students completed exit counseling 15 days late. A similar finding was noted in report No. 2004-168, finding FA 03-85.

Cause

In May 2004, the institution implemented a postcard mailing system advising students to go on-line to complete exit counseling. Prior to May 2004, the institution provided exit counseling materials to FFEL student loan borrowers via the mail when in-person exit counseling was not completed. However, in May 2004, the institution stopped mailing exit counseling materials and did not electronically notify those students who failed to complete an on-line or in-person exit counseling session.

Recommendation

We recommend that the institution enhance its monitoring of FFEL student loan borrowers who do not complete the required exit counseling. In addition, we recommend that the institution seek clarification from USED to determine if the postcard mailing would satisfy the electronic notification requirement.

FKCC Response and Corrective Action Plan

We have contacted the US DOE to get an official opinion as to whether or not the postcard is acceptable the same as the electronic notification. Our request has been forwarded on to "POLICY". However, since the audit we have gone back to our previous method where a cover letter and an "Exit" interview form are mailed out to the students.

FKCC Contact and Telephone Number

Cary Trantham, Director of Financial Aid
(305) 296-9081, ext 236

Estimated Corrective Action Date

January 1st, 2005

Gulf Coast Community College (GCCC)

Condition

We tested 15 students who received FFEL loans and ceased to be enrolled at least half-time. The institution provided exit counseling materials to 9 of the 15 students from 2 to 103 days late. A similar finding was noted in report No. 2004-168, finding No. FA 03-85.

Cause

The institution did not timely generate reports to identify students whose enrollment status changed below half-time. Institution staff did not always follow established procedures to timely provide exit counseling materials to these students.

Recommendation

We recommend that the institution strengthen its procedures to identify student loan borrowers who totally withdraw, drop to less than half-time enrollment, or graduate, and send exit counseling materials within the required time frame.

GCCC Response and Corrective Action Plan

The institution has established a process to identify students monthly during the semester whose enrollment status has dropped below ½ time and at the end of the semester immediately after grades are posted. Exit counseling packets are mailed to all students identified on the FIAD031 and the files are notated.

GCCC Contact and Telephone Number

Judy Mitchell, Director of Financial Aid
(850) 872-3846

Estimated Corrective Action Date

February 16, 2005

Palm Beach Community College (PBCC)

Condition

For 5 of 14 students tested who received FFEL loans and withdrew or ceased to be enrolled at least half-time, exit counseling materials were not sent.

Cause

The institution has not developed adequate procedures to ensure that exit counseling materials are sent to FFEL student loan borrowers within 30 days of ceasing at least half-time enrollment.

Recommendation

The institution should enhance their procedures to monitor FFEL student loan borrower's enrollment changes to ensure that exit counseling is performed, or that exit counseling materials are provided, within 30 days when a student ceases at

least half-time enrollment.

PBCC Response and Corrective Action Plan

The program has been modified to ensure that all students that have dropped below half-time enrollment are identified and an exit document has been posted on their financial aid file.

PBCC Contact and Telephone Number

Michele Bowles or Robin Blank
(561) 868-3381

Estimated Corrective Action Date

Spring term, 2005

Seminole Community College (SCC)

Condition

For 5 students tested who withdrew, the institution could not provide documentation to evidence that exit counseling materials had been provided. The institution uses a third party to administer exit counseling. The exit counseling information is provided to students on-line by the third party and the institution is to be notified when the student has completed the exit counseling. The institution did not receive notification of completion for these 5 students nor could it provide support that the students had been provided the exit counseling materials.

Cause

The institution noted that there were problems with the process.

Recommendation

We recommend that the institution enhance its procedures to ensure that FFEL student loan borrowers receive exit counseling materials and that the third party administrator provides evidence that the materials were provided.

SCC Response and Corrective Action Plan

The institution acknowledges the finding. Procedures have been enhanced to document notification of required exit counseling for students who cease to be enrolled at least half-time. Notification of exit counseling will be enhanced via a third-party participant who also facilitates entrance counseling. In addition, more timely enrollment certifications/transmission with the National Student Clearinghouse will be processed to assist in the timely reporting necessary for the NSLDS.

SCC Contact and Telephone Number

Robert E. Lynn, Director of Student Financial Resources
(407) 328-2044

Estimated Corrective Action Date

July 1, 2005

Valencia Community College (VCC)

Condition

For 5 of 17 student loan borrowers tested who either graduated or withdrew, the institution could not provide documentation to evidence that exit counseling materials had been provided. As of January 17, 2005, exit counseling had not been performed.

Cause

The institution has not developed adequate procedures to ensure that exit counseling materials are sent to FFEL student loan borrowers within 30 days of graduation or ceasing at least half-time enrollment.

Recommendation

We recommend that the institution enhance its procedures to monitor FFEL student loan borrower's enrollment changes to ensure that exit counseling materials are provided within 30 days of a student loan borrower graduating or withdrawing. In addition, we recommend that exit counseling be completed for the 5 students noted.

VCC Response and Corrective Action Plan

The college does not fully agree with this finding, however does agree that 3 instances of non-compliance were found in review. We have found through additional research that 2 of the students had not actually withdrawn.

	The institution does have procedures in place for performing Exit Counseling. In Spring 2004, a staff member responsible for running the Exit Counseling procedures made a clerical error in the dates used to create the notifications. This resulted in 3 of 17 borrowers tested not correctly receiving Exit Counseling notifications. This employee has been counseled, retrained and is making ongoing reports to her supervisor regarding the Exit Counseling process to prevent this error from occurring again.
VCC Contact and Telephone Number	Keith W. Houck (407) 582-3465
Estimated Corrective Action Date	Corrective action has been taken as of March 11, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-104**
CFDA Number	84.038
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Perkins Loans (FPL)
Compliance Requirement	Special Tests and Provisions – Student Loan Repayments - Exit Counseling
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance
Finding	The institution did not always perform exit counseling for all FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
Criteria	34 CFR 674.42(b)
Condition	Three of 5 students did not have an exit interview attempted when one was required. A similar finding was noted in report No. 2004-168, finding No. FA 03-86.
Cause	The institution's established exit counseling procedures are not adequate to ensure that exit counseling materials are sent to FPL student loan borrowers as required.
Effect	When exit counseling materials are not provided, FPL student loan borrowers may not be fully aware of their loan repayment obligations. This could lead to an increased default rate at the institution.
Recommendation	We again recommend that the institution enhance its procedures to monitor student loan borrower's enrollment changes to ensure that exit counseling is performed or exit counseling materials are provided within 30 days of a student graduating, withdrawing, or dropping below half-time enrollment.
FAMU Response and Corrective Action Plan	The University has implemented new automated procedures, using the PeopleSoft Student system, to identify FPL students who withdraw, drop below one-half time enrollment, and who graduated, and notify them of their requirement to complete the exit counseling and comply with the Federal regulations. Responsible personnel will be assigned to timely review the automated process and send the notifications to students who are required to attend exit counseling. Supervisors will periodically test the accuracy of the automated process against the University's Registration system for accuracy, and to ensure proper monitoring and full compliance.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	April 30, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-105**
CFDA Number	84.038
Program Title	**Student Financial Assistance Cluster (SFA)** Federal Perkins Loans (FPL)
Compliance Requirement	Special Tests and Provisions – Student Loan Repayments – Due Diligence
State Educational Entity	**State Universities and Community Colleges - Florida Agricultural and Mechanical University (FAMU)**
Finding Type	Material Noncompliance
Finding	The institution did not always comply with due diligence requirements with regard to performing adequate collections efforts for FPL student loan borrowers in default.
Criteria	34 CFR 674.41(a)(1), .45
Condition	The institution's due diligence procedures for defaulted FPL loans require that the loan servicer automatically send the defaulted account to a collection agency. When the account is returned from the collection agency, institution employees are to perform collection efforts prior to sending the account to a second collection agency. Our review of four students, who defaulted on FPL loans, indicated that when the defaulted accounts were returned from the collection agency, the institution could not provide documentation of further collection efforts performed on one student. A similar finding was noted in report No. 2004-168, finding No. FA 03-86.
Cause	The institution did not always perform the collection due diligence procedures.
Effect	When due diligence procedures such as adequate collection efforts are not performed, the institution may not adequately monitor FPL borrowers. This could lead to an increased cohort default rate. For example, the institution's FPL cohort default rate for the 2002-03 fiscal year was 15.84 percent, as compared to the Florida average cohort default rate which was 8.85 percent. The U.S. average cohort default rate was 9.21 percent. The institution's total principal outstanding on loans in default was $944,506. Due to the institution's high cohort default rate, the institution did not receive Federal Capital Contribution (FCC) funding during the 2003-04 fiscal year.
Recommendation	We again recommend that the institution review and comply with its established due diligence procedures. We also recommend that the institution determine the population of defaulted students who have not received the second collection effort and perform the required due diligence.
FAMU Response and Corrective Action Plan	The University is strengthening its procedures with regards to the manner in which uncollected Perkins loans are handled when returned by the collection agencies. Personnel who are knowledgeable and responsible will be assigned the functions of providing due diligence with regards to implementing this procedure. Monitoring will take place to ensure that due diligence is performed for all students in this category. Further, the University will perform a full audit of all current defaulted students to ensure that second collection efforts are performed.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	June 30, 2005

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STATE UNIVERSITIES AND COMMUNITY COLLEGES
SUMMARY OF QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2004

Compliance Requirement/ Institutions	Total Questioned Costs
Research and Development Cluster (R&D)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding Nos. FA 04-107, 108, 114/115**	
Florida Agricultural and Mechanical University	$ 7,251
University of Central Florida	1,676,400
University of South Florida	178,616
University of West Florida	14,820
Total	1,877,087
***MATCHING, LOE, and/or EARMARKING* - Finding Nos. FA 04-117/120**	
Florida Atlantic University	52,871
Florida International University	unknown
University of Central Florida	718,445
University of North Florida	65,932
Total	837,248
***DISCLOSURES* - Finding Nos. FA 04-108/109**	
Federal Investigation:	
University of Central Florida (USDOJ)	909,534
Total (R&D)	$ 3,623,869
Cooperative Extension Services (CFDA No. 10.500)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding No. FA 04-001**	
Florida Agricultural and Mechanical University	$ 15,843
Adult Education (CFDA No. 84.022)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding No. FA 04-023**	
Daytona Beach Community College	$ 195,534
Vocational Education (CFDA No. 84.048)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding Nos. FA 04-028/030**	
Broward Community College	$ 119,652
Daytona Beach Community College	181,220
Miami Dade College	375,732
Total	$ 676,604
Center for Disease Control and Prevention (CFDA No. 93.283)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding Nos. FA 04-043/044**	
Florida Agricultural and Mechanical University	$ 260,155
Tallahassee Community College	485,315
Total	$ 745,470
State Children's Insurance Program, Social Services Block Grant, Maternal and Child Health Block Grant (CFDA Nos. 93.767, 93.667, and 93.994)	
***ALLOWABLE COSTS/COST PRINCIPLES* - Finding No. FA 04-068**	
University of Florida	$ 168,590

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Finding Number	**FA 04-106**
CFDA Number	43.001
Program Title	**Research and Development Cluster (R&D)** Aerospace Education Services Program
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	NAG3-2786, April 30, 2002 – November 30, 2004 (Graduate Fellowship Component of Program IMAGE)
Finding Type	Material Noncompliance Questioned Costs - $7,251
Finding	The institution incorrectly charged the NASA grant (No. NAG3-2786) for three students' tuition costs. The tuition costs should have been paid from institutional funds, not from the grant.
Criteria	OMB Circular A-21, Section C.2.
Condition	During the 2003-04 fiscal year, the institution paid three students' tuition costs from the NASA grant account. The grant allows for payment of student fellowships, but the institution was to provide tuition waivers as part of the institution's contribution.
Cause	The institution indicated that the payment of these costs from this grant was in error. The grant account number was very similar to the institutional account.
Effect	Federal funds were used to pay for goods and services not included in the grant agreement.
Recommendation	We recommend the institution return $7,251 from institution funds to the NASA grant to correct the error. The institution should also ensure that established procedures are followed to verify that correct accounts are used to pay for goods and services.
FAMU Response and Corrective Action Plan	These expenditures were transferred to the appropriate institutional funded account and the grant expenditures were properly reduced. The University is strengthening its procedures to ensure that errors of this type are not repeated, and that this process is appropriately monitored for full compliance.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-107**
CFDA Number	11.417, 47.041, 47.076, 47.078, 93.048, and 93.173
Program Title	**Research and Development Cluster (R&D)** Sea Grant Support Engineering Grants Education and Human Resources Polar Programs Special Programs for the Aging Title IV HEA and Title II Discretionary Projects Research Related to Deafness and Communication Disorders
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	**Florida Atlantic University (FAU)**
Federal Grant/Contract Number and Grant Year	R/LR-MB-18, February 1, 2002 – January 31, 2004 BES 0049040, May 15, 2000 – November 30, 2003 IBN-0090717, September 15, 2001 – August 31, 2005 OPP 0095095, June 1, 2001 – May 31, 2006 90-AM-2465, August 15, 2001 – August 14, 2004 5R29 DC 03277-02, April 1, 1998 – March 31, 2005
Finding Type	Reportable Condition

Finding

Cost Accounting Standard (CAS) exemptions are to be used to charge items normally considered indirect costs as direct costs and the exemptions are to be applied only to unlike circumstances. While the institution had procedures in place concerning CAS exemptions, they were unable to provide a complete list of the grants and exemption amounts.

Criteria

OMB Circular A-21, Section F.6.b.

Condition

Six of ten grants tested included $25,330 for departmental charges (postage $2,931; office supplies $2,807; software $2,670; telephone $8,400; subscriptions $3,346; and equipment $5,176), which would normally be included in the institution's indirect cost recovery rate proposal. However, these items were considered CAS exemptions by the institution and charged as direct costs of the grants. The frequency of grants claiming CAS exemptions (approximately 60 percent) does not appear to qualify as unlike circumstances. It is not evident whether this level of CAS exemptions is at a level contemplated by the cognizant agency (USDHHS). The institution claimed the above charges as exempt from being reported as indirect costs in the grants below:

Federal Grant No.	Amount	Federal Grant No.	Amount
R/LR-MB-18 $393		OPP 0095095	$1,533
BES 0049040	$5,413	90-AM-2465	$11,814
IBN-0090717	$1,208	5R29 DC 03277-02	$4,969

Cause

While Circular A-21 allows the opportunity of charging indirect items as direct costs in unlike circumstances, the institution did not maintain adequate records demonstrating how the institution determined that these grants are exempt from CAS. Also, the institution's accounting system does not track grants receiving CAS exemptions.

Effect

Federal funds may have been used for goods or services which were not allowable. If it is determined by the USDHHS that exemptions are disallowed, the institution may be required to return any disallowed costs.

Recommendation

We recommend that the institution seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation that the institution's understanding and use of CAS exemptions is at a level contemplated by the cognizant agency. Additionally, we recommend that the institution develop procedures to track

	grants claiming CAS exemption costs.
FAU Response and Corrective Action Plan	The University agrees with the recommendation and is in the process of drafting a letter seeking clarification from the cognizant agency and the DCA. Hiring processes have been initiated for an individual tasked with developing procedures and to improve/maintain a tracking database.
FAU Contact and Telephone Number	Jay Semmel (561) 297-0118
Estimated Corrective Action Date	March 31, 2005

U.S. DEPARTMENT OF ENERGY

Finding Number	**FA 04-108**
CFDA Number	81.999
Program Title	**Research and Development Cluster (R&D)** Hemispheric Center for Environmental Technology (HCET)
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**Florida International University (FIU)**
Federal Grant/ Contract Number and Grant Year	1) USDOE Contract No. DE-FC04-90AL66158, FIU Subcontract No. OSP-90-10-668-020; October 1, 1991 – March 31, 2002 2) USDOE Contract No. DE-AC24-920R21972, FIU Subcontract No. 98WC001742; March 31, 1998 – September 30, 2002 3) USDOE Contract No. DE-AC24-920R21972, Clark Atlanta University Subcontract No. N2424320-30-T007, transferred to FIU, July 28, 1998 4) USDOE Contract No. DE-FG01-95EW55094; August 21, 1995 – to, as extended, November 20, 2000
Finding Type	Other $11.5 million per USDHHS Audit Settlement Amount
Finding	The United States Department of Health and Human Services (USDHHS), Office of Inspector General (OIG) conducted four audits of the HCET. The focus of the audits pertained to HCET's costs claimed for reimbursement as they related to selected task orders and subcontracts funded under four United States Department of Energy (USDOE) awards. Three of the audits, released during the 2001-02 fiscal year, indicated questioned costs totaling $994,155, with an additional $2,261,183 to be set aside for adjudication with USDOE, the granting agency. The USDHHS OIG completed the fieldwork for the fourth audit during the 2002-03 fiscal year. The USDHHS audit findings relating to this fourth audit indicated that the institution may be responsible for questioned costs totaling $12,350,362, with an additional $21,156,569 to be set aside for adjudication with the USDOE. A final Settlement Agreement between the Federal government and the institution was signed February 10, 2005. The institution agreed to pay the Federal government $11.5 million. Within four calendar days after signing the Agreement, the institution is to pay $2 million, with the remaining balance ($9.5 million) to accrue simple interest at the Federal Funds rate from the date of execution of the Agreement until the settlement amount is paid in full by July 1, 2005.
Condition	The audits concerned various cost reimbursements of the HCET at the institution during 1991 through 2002. The institution settled on February 10, 2005, for $11.5 million. Additionally, the institution waived its right to recover and will forego submission or resubmission of any other costs incurred and not already paid. These foregone costs total approximately $1.7 million and some portion of another $590,000.
Effect	USDOE required repayment of questioned costs totaling $11.5 million with some additional charges foregone.
Recommendation	We recommend that the institution keep us apprised of payments made.
FIU Response and Corrective Action Plan	You recommended that FIU keep you apprised of any status changes that might occur as a result of the DHHS audits of HCET. On February 10, 2005, FIU resolved the four audits referenced in your report. Under the terms of the settlement, FIU agreed to return to the Government $11.5 million of the over $50 million of Federal funding received by HCET. FIU admitted no

	wrongdoing or liability and will not be exclud ed from any Federal programs as a result of the HCET matter. FIU made the first required payment of $2 million within the stipulated timeframe.
FIU Contact and Telephone Number	Aime Martinez, Associate Controller (305) 348-2679
Estimated Corrective Action Date	July 1, 2005

U.S. DEPARTMENT OF JUSTICE

Finding Number	**FA 04-109**
CFDA Number	16.560
Program Title	**Research and Development Cluster (R&D)** Justice Research, Development, and Evaluation Project Grants
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**University of Central Florida (UCF)**
Federal Grant/ Contract Number and Grant Year	1998-IJ-CX-K003, GR-40-04-007, July 7, 1998 – September 30, 2003
Finding Type	Other Questioned Costs – $909,534, Per USDOJ Audit Unapproved Costs - $97,244 Unsupported Personnel Costs - $487,516 Unallowable Personnel Costs - $52,339 Non-Payroll Expenditures - $67,467 Non-Payroll Expenditures - $204,968
Finding	The United States Department of Justice, Office of Inspector General (OIG) Audit Division, completed an audit in August 2004 of the Justice Research, Evaluation, and Development Project cooperative agreement, including supplements, awarded by the USDOJ, Office of Justice Programs (OJP), National Institute of Justice (NIJ).
Condition	The USDOJ OIG tested the accounting records to determine if reimbursements claimed for costs under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement. The deficiencies noted were incorrectly reported total outlays and indirect cost amounts on some Financial Status Reports; most progress reports untimely submitted; and $ 909,534 claimed and reimbursed was either not supported by adequate documentation, not approved by OJP, or exceeded amounts approved by OJP. The institution responded on January 19, 2005, with additional supporting documentation for the questioned costs, and provided the reporting and overhead application procedures that were developed.
Effect	USDOJ may require repayment of questioned costs.
Recommendation	We recommend that the institution keep us apprised of the resolution of the questioned costs noted in the USDOJ audit.
UCF Response and Corrective Action Plan	Finance and Accounting will keep the Auditor General's Office apprised of the resolution of the questioned costs noted in the USDOJ audit.
UCF Contact and Telephone Number	Randolph G. Foster, Associate Controller (407) 882-1105
Estimated Corrective Action Date	2/17/05

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-110**
CFDA Number	12.431, 12.910, 20.701, 47.076, 81.086, 81.087, and 93.247
Program Title	**Research & Development Cluster (R&D)** Basic Scientific Research Research and Technology Development University Transportation Centers Program Education and Human Resources Conservation Research and Development Renewable Energy Research and Development Advanced Education Nursing Grant Program
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**University of Central Florida (UCF)**
Federal Grant/Contract Number and Grant Year	CFDA No. 12.910 88MMZB992, November 11, 2003 – November 29, 2004 CFDA No. 12.431 MDA972-03-C-0043, March 20, 2003 – May 22, 2005 CFDA No. 20.701 DTRS98-G-0018, October 21, 1998 – June 30, 2006 CFDA No. 47.076 EHR-0227833, December 1, 2002 – November 30, 2004 DGE-0114418, September 15, 2001, through August 31, 2004 CFDA No. 81.086 03-ET-3A-06-15-05-438, May 20, 2002 – July 30, 2005 CFDA No. 81.087 DE-FC26-99GO10478, September 1, 1999 – March 31, 2005 DE-FG26-01NT41249, September 30, 2002 – December 30, 2003 CFDA No. 93.247 1D09 HP 00444-01, July 1, 2002 – June 30, 2005 CFDA No. 93.359 4D11-HP-00118-03-02, September 1, 2000 – December 31, 2003
Finding Type	Material Noncompliance Questioned Costs - $1,676,400 ($46,222 grant No. 88MMZB992; $344,217 grant No. MDA972-03-C-0043; $37,566 grant No. DTRS98-G-0018; $109,247 grant No. EHR-0227833; $230,037 grant No. DGE-0114418; $504,907 grant No. DE-FC26-99GO10478; $45,417 grant No. DE-FG26-01NT41249; $69,864 grant No. 03-ET-3A-06-15-05-438; $180,254 grant No. 1D09 HP 00444-01; and $108,669 grant No. 4D11-HP-00118-03-02)
Finding	The institution failed to maintain signed employee certifications for employees who worked on ten Federally-funded grants that we reviewed.
Criteria	OMB Circular A-21, Section J. 10. c. (2).
Condition	The institution did not maintain signed employee certifications documenting after-the-fact time-and-effort for salary and benefits charges, totaling $1,676,400, for the faculty, graduate students, and administrative employees' salaries that were charged to these grants. We also noted questioned costs for the Nurse Education, Practice and Retention Grants program (CFDA No. 93.359), that was not a major program.
Cause	The institution's controls did not ensure signed after-the-fact time-and-effort certifications were maintained for all employees who work on Federal grants.

Effect	The institution was unable to demonstrate that costs were adequately supported and, consequently, may have disallowed costs.
Recommendation	We recommend that the institution implement procedures that ensure signed after-the-fact time-and-effort certifications and salary charges are maintained to indicate the allocation of costs charged to Federal grants. We also recommend that the institution seek Federal clarification on resolution of the questioned costs.
UCF Response and Corrective Action Plan	UCF recognizes the need to have signed after-the-fact time-and-effort certifications. The Provost has charged the Vice President for Research to lead the effort to implement the required procedures. We are in the process of seeking clarification from federal agencies regarding the questioned costs.
UCF Contact and Telephone Number	M. J. Soileau, Vice President for Research (407) 823-5538
Estimated Corrective Action Date	9/30/05

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-111**
CFDA Number	20.701, 81.087, and 93.247
Program Title	**Research and Development Cluster (R&D)** University Transportation Centers Program Renewable Energy Research and Development Advanced Education Nursing Grant Program
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	**University of Central Florida (UCF)**
Federal Grant/Contract Number and Grant Year	CFDA No. 20.701 DTRS98-G-0018, October 21, 1998 – June 30, 2006 CFDA No. 81.087 DE-FC26-99GO10478, September 1, 1999 – March 31, 2005 DE-FG26-01NT41249, September 30, 2002 – December 30, 2003 CFDA No. 93.247 1D09 HP 00444-01, July 1, 2002 – June 30, 2005 CFDA No. 93.359 4D11 HP 00118-03-02, September 1, 2000 – December 31, 2003
Finding Type	Reportable Condition
Finding	For five of ten Federal grants reviewed, the institution charged $70,555 of indirect costs (clerical) as direct costs. In order to charge indirect costs as direct the charges must qualify for Cost Accounting Standards (CAS) exemptions. The institution noted that CAS exemptions are utilized for Federal grants. CAS exemptions are to be used to charge indirect costs as direct costs and are to be applied to unlike circumstances. However, because the institution does not track the number of grants using exemptions and could not provide a list of affected grants, the institution could not determine the extent to which CAS exemptions are being used. Also, it is not clear that these CAS exemptions are contemplated by the cognizant agency (USDHHS) as meeting the criteria for "unlike circumstances."
Criteria	OMB Circular A-21, Section F. 6. b.
Condition	The institution could not determine the number of grants that utilized CAS exemptions, as the institution does not track (identifier in system) the use of these exemptions. Subsequent to inquiry, the institution agreed that the indirect clerical costs totaling $70,555 for the five grants were charged direct as CAS exemptions. We also noted questioned costs for the Nurse Education, Practice and Retention Grants program (CFDA No. 93.359), that was not a major program.
Cause	While Circular A-21 allows the opportunity of charging in direct items as direct costs in unlike circumstances, the institution may be misinterpreting the intent of the cost principles when applying the criteria for unlike circumstances.
Effect	Federal funds may have been used for goods and services which were not allowable. If it is determined by the USDHHS that any exemptions are disallowed, the institution may be required to return disallowed costs.
Recommendation	We recommend that the institution seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation that the institution's understanding and use of CAS exemptions meet the criteria of unlike circumstances contemplated by the cognizant agency. In addition, we recommend the institution implement procedures to identify and quantify the number of grants using CAS exemptions in order to determine that unlike circumstances are determinable and evident.

UCF Response and Corrective Action Plan	The Office of Research and Commercialization contacted the Division of Cost Allocation at DHHS for an opinion on our application and use of CAS exemptions. The DHHS representative commented that our criteria for claiming CAS exemption meets the standard outlined in OMB Circular A-21, however a more thorough review of the audit report would be needed before a formal opinion could be provided. The Office of Research and Commercialization has created a CAS exemption form that will be used for reviewing, approving and tracking requests for direct charging administrative costs and clerical salaries.
UCF Contact and Telephone Number	Tom O'Neal, Associate Vice President for Research (407) 823-1120
Estimated Corrective Action Date	3/7/05

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-112**
CFDA Number	10.200
Program Title	**Research and Development Cluster (R&D)** Grants for Agricultural Research, Special Research Projects
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	**University of Florida (UF)**
Federal Grant/Contract Number and Grant Year	USDA/CSRS 2003-34135-14078, September 15, 2003 – September 14, 2005
Finding Type	Reportable Condition

Finding

The institution applied $144 in CAS exemptions to 1 of the 10 Research and Development Program grants included in our tests. During the 2003-04 fiscal year, the institution applied CAS exemptions totaling $5,099,894 to 756 grant accounts. This represented 1.8 percent of total Federal program expenditures, excluding Student Financial Aid Cluster expenditures. It is not clear whether this level of CAS exemptions is at a level contemplated by the cognizant agency (USDHHS). CAS exemptions are used to charge indirect costs as direct costs and are to be applied for unlike circumstances.

Criteria

OMB Circular A-21, Section F.6.b.

Condition

In accordance with its cost accounting practice, in certain circumstances the institution charges costs, which are normally indirectly charged, directly to its Federally sponsored agreements. The institution determines that such circumstances exist when a sponsored project, due to its size and nature, requires administrative or clerical services and/or supplies, postage, or telecommunications costs that are well beyond the core of departmental support routinely provided for departmental activities. The institution states that because those costs can be identified readily and specifically with the project and have been specifically budgeted and approved by the sponsoring agency in the grant award application, the costs are allowable. In cases where the sponsoring agency has delegated budget approval to the institution, institution approval is assumed equivalent to Federal agency approval. The existence of unlike circumstances is evaluated by the institution on a project-by-project basis. In certain instances the institution may apply CAS exemptions retroactively if it subsequently determines that a cost meets the institution's criteria for an exemption. In the response to report No. 03-167, finding No. 02-092, the questioned costs of $6,696 were retroactively determined by the institution to qualify for a CAS exemption. (See SSPAF page B-19.)

Cause

The institution is following their policies and procedures in its CAS Board Disclosure Statement (DS-2) that was filed with its cognizant agency in December 1996.

Effect

Federal funds may have been used for goods or services which were not allowable. If it is determined by the USDHHS that any exemptions are disallowed, the institution may be required to return any disallowed costs.

Recommendation

We recommend that the institution seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation that the institution's understanding and use of CAS exemptions is at a level contemplated by the cognizant agency.

UF Response and Corrective Action Plan

The institution expects the Defense Contract Audit Agency (DCAA) on behalf of USDHHS to review/audit the institution's disclosure statement (DS-2) during the coming fiscal year. Although USDHHS has not previously expressed or implied any acceptable level or threshhold for exemptions, the University expects to

	receive a n o pinion and cl arification of the u se of CAS exempti ons du ring t he course of the DCAA review of the Universitys' DS-2.
UF Contact and Telephone Number	Michael McKee, University Controller (352) 392-1321
Estimated Corrective Action Date	December 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-113**
CFDA Number	12.114, 43.002, 43.999**,** 84.133**,** 84.339, 93.393, 93.556, and 93.566
Program Title	**Research and Development Cluster (R&D)** Collaborative Research and Development Technology Transfer NASA Other Federal Awards National Institute on Disability and Rehabilitation Research Learning Anytime Anywhere Partnerships Cancer Cause and Prevention Research Promoting Safe and Stable Families Refugee and Entrance Assistance – State Administered Programs
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	**University of South Florida (USF)**
Pass-Through Agency	American Health Foundation
Federal Grant/Contract Number and Grant Year	DASG60-00-C-0089, September 7, 2000 – January 31, 2005 NAS5-31716, January 15, 1992 – April 28, 2004 NAG3-2751, June 1, 2002 – September 30, 2004 H133B980005-02, October 1, 2002 – September 30, 2004 P339Z000006, September 1, 2000 – August 31, 2005 P01 CA68384, March 1, 2003 – February 28, 2004 LJ273, December 1, 2003 – June 30, 2004 LK078, October 1, 2002 – September 30, 2003
Finding Type	Reportable Condition

Finding

We noted that the institution approved Cost Accounting Standards (CAS) exemptions for 8 of 10 R&D grants tested. CAS exemptions are used to charge indirect costs as direct costs and are to be applied to unlike circumstances. It is not clear that these CAS exemptions are contemplated by the cognizant agency (USDHHS) as meeting the criteria for "unlike circumstances."

Criteria

OMB Circular A-21, Section F.6.b.

Condition

For 8 of 10 grants tested, the institution provided explanations for the CAS exemptions and the institution's CAS exemption approval form was completed and approved by institutional personnel. The institution also provided a list of 190 Federal grants which submitted CAS exemptions in their budgets. However, this list contains only Federal grants input into the new accounting system since its conversion date of July 1, 2003, and does not contain grants from the old accounting system.

The institution is following the policies and procedures in its CAS Board Disclosure Statement (DS-2) that was filed with its cognizant agency. The institution permits exemptions to Cost Accounting Standards in certain situations. The CAS exemption is included in the grant proposal, the grant award or signed contract and serves as institutional approval for the CAS exemption. If an unanticipated need for a CAS exemption on a grant arises after the grant has been awarded, the institution contacts the grant sponsor and requests permission for the exemption. In all cases, a CAS exemption approval form (institution's form) is completed by the institution's Senior Grants Accountant and approved by the institution's Division of Research Grants. The institution works with the grant sponsor on requests for approval for CAS exemptions.

Cause

While Circular A-21 allows the opportunity of charging indirect items as direct costs in unlike circumstances, the institution may be misinterpreting the intent of the cost principles when applying the criteria for unlike circumstances.

Effect	Federal funds may have been used for goods and services which were not allowable. If it is determined by the USDHHS that any exemptions are disallowed, the institution may be required to return any disallowed costs.
Recommendation	We recommend that the institution seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation that the institution's understanding and use of CAS exemptions meet the criteria of unlike circumstances contemplated by the cognizant agency.
USF Response and Corrective Action Plan	We will be filing an amended Disclosure Statement (DS-2) within the next few months and we will seek clarification from the cognizant agency (USDHHS) at that time.
USF Contact and Telephone Number	Priscilla Pope, Associate Vice President, (813) 974-5555 Nick Trivunovich, Controller, (813) 974-6080
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-114**
CFDA Number	12.114, 15.808, 43.999, 81.087, 84.133, 84.339, 93.556, and 93.566
Program Title	**Research and Development Cluster (R&D)** Collaborative Research and Development U.S. Geological Survey – Research and Data Collection NASA Other Federal Awards Renewable Energy Research and Development National Institute on Disability and Rehabilitation Research Learning Anytime Anywhere Partnerships Promoting Safe and Stable Families Refugee and Entrance Assistance – State Administered Programs
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**University of South Florida (USF)**
Pass-Through Agency	National Renewable Energy Laboratory
Federal Grant/Contract Number and Grant Year	DASG60-00-C-0089, September 7, 2000 – January 31, 2005 99HQAG0004, October 1, 1998 – January 20, 2005 NAG3-2751, June 1, 2002 – September 30, 2004 NDJ-2-30630-18, December 13, 2001 – January 12, 2005 H133B980005-02, October 1, 2002 – September 30, 2004 P339Z000006, September 1, 2000 – August 31, 2005 LJ273, December 1, 2003 – June 30, 2004 LK078, October 1, 2002 – September 30, 2003
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $178,616

Finding

The institution did not always review and approve, maintain supporting documentation of, and accurately record payments for grant expenditures totaling $178,616.

Criteria

OMB Circulars A-21, Section J. and A-110, Section C., USF Policies and Procedures.

Condition

We noted the following:

1. During review of a fixed-price contract, we tested 8 quarterly payments totaling $170,250 to subrecipients. Documentation was not retained to support performance of the tasks and deliverables. (grant No. H133B980005-02)

2. The institution incorrectly charged equipment costs of $4,627 to the grant. Equipment was to be provided through institutional funds. Subsequent to audit inquiry, the equipment costs of $4,627 were removed from the grant account. (grant No. NDJ-2-30630-18)

3. Our review of the payroll records for 16 of 81 employees tested indicated that the actual amount of salary and benefits charged to applicable grants did not agree with the required effort reports (PERT) for the Fall 2003, Spring 2004, and Summer 2004 terms. This resulted in overcharges totaling $3,055. ($799 grant No. DASG60-00-C-0089; $92 grant No. 99HQAG0004; $198 grant No. NAG3-2751; $583 grant No. NDJ-2-30630-18; $612 grant No. H133B980005-02; $437 grant No. P339Z000006; and $334 grant No. LJ273) A similar finding was noted in report No. 2004-168, finding No. FA 03-88.

4. Subsequent to the grant period ending on September 30, 2003, the institution charged $684 for rental space for the month of November 2003.

(grant No. LK078)

Cause

1. Documentation was not retained supporting the reasonableness and necessity of the payments.
2. Institution personnel did not follow established procedures.
3. The institution reconciles an individual's payroll charges to the PERT each semester. However, the institution does not adjust the grant for differences less than or equal to 1 percent or $500, which resulted in the questioned costs.
4. The institution did not have adequate procedures in place to ensure expenditures were not charged to the grant for services incurred after the end of the grant period.

Effect

Program funds may have been used for goods or services which were not allowable, allocable, and reasonable under these grants.

Recommendation

We recommend that the institution maintain documentation supporting the reasonableness of all payments, even on fixed-price contracts. We also recommend that the institution seek the Federal sponsoring agency's guidance on the resolution of the $170,250 in questioned costs.

We recommend that the institution seek Federal clarification on the resolution of the $3,055 in questioned costs, and on whether their methodology of supporting payroll costs meets the OMB Circular A-21 requirement to reasonably report the activities for which employees are compensated.

We recommend that the institution enhance its procedures to ensure that grants are accurately charged for goods and services.

USF Response and Corrective Action Plan

The University will enhance procedures regarding the maintenance of documentation supporting the reasonableness of all payments, including those made on fixed-price awards.

We will seek the sponsoring agency's guidance on the resolution of the $170,250 in questioned costs.

The University will seek federal clarification on the resolution of the $3,055 in questioned costs related to the method used to support payroll charges and federal requirements to reasonably report the activities for which employees are compensated from federal grants and contracts. The University believes that its method meets the federal regulations to reasonably report the activities as directed in OMB Circular A-21.

The University will remove the $684 charge for rental space incurred after the project end date. We will enhance procedures to ensure that grants are accurately charged for goods and services.

USF Contact and Telephone Number

Priscilla Pope, Associate Vice President, (813) 974-5555
Nick Trivunovich, Controller, (813) 974-6080

Estimated Corrective Action Date

June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-115**
CFDA Number	43.999 and 66.606
Program Title	**Research and Development Cluster (R&D)** NASA Other Federal Awards Surveys, Studies, Investigations and Special Purpose Grants
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	**University of West Florida (UWF)**
Federal Grant/Contract Number and Grant Year	NCC 2-1254, March 1, 2001 – February 28, 2004 X-97455002, July 1, 2002 – June 30, 2006
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – $14,820 (CFDA No. 43.999 $13,731 and CFDA No. 66.606 $1,089)

Finding

The institution did not always properly review and approve, maintain supporting documentation of, and accurately record payment of grant expenditures charged.

Criteria

OMB Circular A-21, Sections C.4.d.(1) and (4); University of West Florida, Office of Research Procedures Manual

Condition

CFDA No. 43.999

- There was no documentation evidencing that the Principal Investigator (PI) reviewed and approved 7 of the 13 non-salary grant expenditures tested totaling $13,731. Also, personnel action forms were not approved by the PI for 6 of the 7 employees tested that were paid from the grant.

CFDA No. 66.606

- A purchasing card payment (P-card) totaling $105 for a conference registration fee was charged to the grant in error. Three other P-card charges for travel expenditures totaling $650 were not supported by receipts or vendor invoices documenting the allowability of the charges. In addition, there was no documentation evidencing that the principal investigator reviewed and approved 4 of the 20 grant expenditures tested totaling $334.

Cause

Controls over the review and approval of P-card charges and for reimbursements other than travel were not adequate to ensure that cost principles were followed.

Effect

Grant funds may have been used to pay for goods or services which were not allowable under this grant.

Recommendation

We recommend that the institution enhance its procedures to ensure that the approval of all grant expenditures, including P-card charges, is documented and expenditures are charged to the appropriate grant. Additionally, the institution should take appropriate measures to ensure that documentation is sufficient to support travel expenditures.

UWF Response and Corrective Action Plan

We concur that some Principal Investigators are not signing expenditure and payroll action documents nor is there adequate support documentation for travel expenditures. For CFDA No. 66.606, two of three P-card charges receipts were provided to the auditors subsequent to the issuing of the Preliminary and Tentative Findings.

We have implemented additional training for Principal Investigators concerning signature controls and travel support documentation. In addition, a budget transfer has been executed correcting the purchasing card payment of $105.

UWF Contact and Telephone Number	James Wilkie, Assistant Director, Office of Sponsored Research (850) 474-3040
Estimated Corrective Action Date	June 30, 2005

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Finding Number	**FA 04-116**
CFDA Number	43.001
Program Title	**Research and Development Cluster (R&D)** Aerospace Education Services Program
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	NCC-1-252 (CeNNAs), January 1, 1997 – December 31, 2003
Finding Type	Reportable Condition
Finding	The institution did not provide adequate documentation showing compliance with the matching (i.e., cost-sharing) requirement of the NASA Center for Nonlinear and Nonequilibrium Aerosciences (CeNNAs, NCC-1-252) grant until delivery of the preliminary and tentative audit findings.
Criteria	OMB Circular A-110, Section C.23 and Cooperative Agreement
Condition	The CeNNAs grant was awarded for five years, January 1, 1997, through December 31, 2001, with Federal funding totaling $4,950,000. The NASA award listed the recipient share as $250,000 over the 5-year period. The grant was extended an additional 2 years and awarded $1,200,000 through December 31, 2003; however, no additional recipient share was required. The documents provided by the institution did not document that the matching dollars or effort were contributed to this grant. The institution provided budget worksheets indicating that institutional personnel were to contribute release time as institutional match; however, the institution did not provide supporting documents on how these budget amounts were calculated. Also, the institution's personnel activity records did not list actual work effort on the CeNNAs grant. Subsequent to delivery of the preliminary and tentative audit findings on February 10, 2005, the institution prepared a work sheet of the actual recipient share contributed. While the worksheet indicated the matching requirement was met, it was supported in part by signed statements prepared subsequent to audit inquiry attesting to work effort over the 5-year period. The statements and worksheet did not always agree with or were supported by the institution's Assignment of Responsibility forms or other after-the-fact records historically used to document actual work effort.
Cause	As similarly noted in report No. 2004-168, finding No. FA 03-90, report No. 03-167, findings Nos. 02-006 and 02-099, and report No. 02-192, finding No. 01-005, the institution's procedures are not adequate for identifying and monitoring matching requirements for Federal grant awards.
Effect	NASA may question whether the institution met the matching requirements due to the adequacy of documentation provided.
Recommendation	The institution should seek written Federal clarification as to whether the documentation adequately supports the sufficiency of institutional match. We again recommend that the institution develop procedures to timely identify, monitor, and document that previous and future matching requirements are met.
FAMU Response and Corrective Action Plan	The University is currently developing procedures to timely identify, monitor, and document that previous and future matching requirements are met. The University is also researching various automated time and effort reporting systems for future implementation.

FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	May 31, 2005 for a modified effort reporting system; June 30, 2005 for development of procedures; and no later than December 31, 2005 for full implementation of an automated effort reporting system.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-117**
CFDA Number	11.417 and 43.001
Program Title	**Research and Development Cluster (R&D)** Sea Grant Support Aerospace Education Services Program
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**Florida Atlantic University (FAU)**
Federal Grant/Contract Number and Grant Year	R/LR-MB-14A, February 2002 – January 2004 NCC8-230, November 2002 – October 2003
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - $52,871 ($19, 875 for grant R/LR-MB-14A and $32,996 for grant NC C8-230)
Finding	The institution claimed indirect costs on their matching funds as a portion of their match.
Criteria	OMB Circular A-110, Section C .23
Condition	During our review of the institution's compliance with matching requirements, we noted that for two of ten grants tested the institution claimed, as part of the grants' matching, indirect costs calculated on the matching funds. The institution represents that the indirect cost calculated on the matching funds is 'foregone' overhead. However, foregone overhead should be calculated on the Federal share, not calculated on the institutional match. The 'foregone' overhead claimed for matching purposes totaled $52,871.
Cause	The institution believes that this is an acceptable method for accounting for the required match on these Federal grants. However, per OMB Circular A-110, the definition of unrecovered indirect cost is "the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate." The definition of award is "financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property by the Federal Government to an eligible recipient." Therefore, unrecovered indirect cost is applicable to indirect amounts calculated on award amounts (i.e., Federal funds), not on matching funds.
Effect	As a result of the institution's use of the indirect cost rate applied to the match, the institution did not meet the required match amounts by $52,871.
Recommendation	We recommend that the institution obtain clarification directly from USDHHS, the cognizant agency, as to the allowability of using calculated indirect costs of matching funds as matching itself. If it is determined that these costs are unallowed, we recommend that the institution contact the appropriate Federal departments to determine if additional matching funds will be required for the above grants.
FAU Response and Corrective Action Plan	The University agrees with the recommendation and is in the process of drafting a letter seeking clarification from the cognizant agency.
FAU Contact and Telephone Number	Jay Semmel (561) 297-0118
Estimated Corrective Action Date	March 31, 2005

U.S. DEPARTMENT OF ENERGY

Finding Number	**FA 04-118**
CFDA Number	81.999
Program Title	**Research and Development Cluster (R&D)** Hemispheric Center For Environmental Technology (HCET)
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**Florida International University (FIU)**
Federal Grant/Contract Number and Grant Year	DE-FG01-03EW15334, November 21, 2000 – November 20, 2005
Finding Type	Material Noncompliance Questioned Costs – Unknown

Finding

The institution did not satisfy the required matching for HCET grant DE-FG01-03EW15334.

Criteria

OMB Circular A-110, Section C.23 and Section II – Special Terms and Conditions of the Grant Agreement

Condition

The institution has an agreement to provide matching in the amount of $11,756,763 during the life of the HCET grant DE-FG01-03EW15334. Based on our review of the award agreement and our analysis of the institution's matching requirements, the cumulative matching requirements as of June 30, 2004, were approximately $8,120,771. According to the institution's Request for Advance or Reimbursement as of June 30, 2004, the non-Federal share of expenditures totaled $5,993,702. However, the institution was unable to provide accounting records to support this amount. Therefore, the institution had not met the matching requirements as of June 30, 2004, by at least $2,127,069. Of this amount, $2,022,450 represents prior budget years' requirements and $104,619 represents the current budget year's requirements.

A similar finding was noted in report No. 2004-168, finding No. FA 03-92. The institution's response to the prior audit finding concurred with our recommendation to seek USDOE approval to prorate the matching. However, the institution has not yet obtained USDOE approval.

Cause

The institution calculated their matching amount based on prorating the amount of expenditures between Federal and non-Federal monies. However, the award agreement specifies yearly matching amounts, not prorated amounts.

Effect

When matching requirements are not met, the institution may be subject to the disallowance of some Federal costs charged to the grant.

Recommendation

We again recommend that the institution provide the additional $2,127,069 matching as required and specified in the award agreement, or obtain written approval from USDOE to prorate the matching expenditures. In addition, procedures should be enhanced to ensure that amounts reported as matching are supported in the accounting records.

FIU Response and Corrective Action Plan

This tentative finding concludes that, as of June 30, 2004, FIU has not met its cost matching obligation under Department of Energy (DOE) Grant No. DE-FG01-03EW15334. This finding is essentially the same as that noted in Report No. 2004-168. As was the case with the previous finding, the current finding mischaracterizes FIU's cost matching obligation under the grant. FIU also disagrees with the Audit Report's tentative finding that it is currently in default of its cost matching obligation.

1. Overview of FIU's Cost Matching Arrangement

As FIU explained in its previous response, its cost matching obligation to DOE is a five-year obligation that is directly tied to the amount of funding that the

University receives from DOE. Therefore, if the actual level of DOE funding FIU receives is less than the budgeted amount, FIU's cost matching obligation proportionally decreases. The reason for this proportional relationship is that there are several components of FIU's current cost matching arrangement with DOE that are directly tied to the amount of funding received.

First, FIU has agreed to waive a portion of the F&A recovery it would otherwise be entitled to receive with respect to direct charges to the grant. Second, FIU has pledged to place the F&A costs that it does recover into a "cost matching account" that will be used to further the grant's objectives and for HCET's infrastructure. Third, FIU has agreed to waive F&A costs for expenditures made from the cost matching account. Each of these elements of the current cost matching arrangement is directly tied to the amount of direct funding FIU receives from DOE and each necessarily decreases if the actual funding is less than the budgeted amount.

2. The Current Status of FIU's Cost Matching Obligation

Through June 30, 2004, the actual funding received from DOE was substantially below the budgeted amount. As we noted in our previous response, funding received through November 20, 2003—the end of grant Year 3— was approximately 17% below the budgeted amount. Moreover, DOE held Year 4 funding in abeyance during the period when FIU and the Government were negotiating a resolution to several Federal audits conducted by the Department of Health and Human Services (DHHS), one of which involved the first three years of the grant. DOE's decision in that regard resulted in a holdback of over $7 million of budgeted support. Additionally, as part of the recent resolution of the DHHS audits, FIU agreed to return to the Government a portion of the support it received for costs incurred on the grant through November 20, 2003 and the Government agreed that the amount of the payback would be taken into account when calculating FIU's cost matching obligation under the grant. 1

In summary, in addition to the 17% funding decrease through the first three years of the grant, FIU has not received Year 4 funding. As a result of those funding decreases, FIU has received approximately $23 million of support from DOE through June 30, 2004. That amount was subject to a further downward adjustment as a result of FIU's recent resolution of the DHHS audits.

Based on an analysis that is still being finalized, FIU believes that its cost matching obligation through January 31, 2005 is approximately $5 million, as opposed to the $8.2 million referenced in the Audit Report. Moreover, based on the tentative results of its analysis, FIU believes that it has incurred eligible cost matching expenses in excess of its current obligation and that it is therefore not in default to DOE.

3. FIU's Current Discussions With DOE

Having resolved the DHHS audits, FIU has recently submitted an application to DOE for the grant's Year 5 program and associated funding. In that application, FIU proposed that DOE accept the cost matching generated to date in full settlement of FIU's obligation under the grant. FIU believes that its Year 5 funding discussions with DOE will resolve any outstanding issues concerning cost matching.

4. FIU's Accounting Procedures

With respect to your recommendation that FIU enhance its accounting procedures to ensure that amounts reported as cost matching are supported in accounting records, FIU has recently implemented several new policies and procedures intended to improve its financial management systems. FIU has informed DOE of these improvements, and has received a letter in return stating that FIU's improvements are consistent with DOE's view of a responsible financial

assistance recipient.

5. Conclusion

FIU does not believe that it is currently in default of its cost matching obligation. FIU has also recently begun discussions with DOE on Year 5 funding. Those discussions will include the extent, if any, of FIU's remaining cost matching obligation under the grant.

Footnote 1: In and of itself, this agreement reflects the Government's acknowledgement that FIU's cost matching obligation is not a fixed amount but is instead directly related to the amount of support received.

FIU Contact and Telephone Number	Aime Martinez, Associate Controller (305) 348-2679
Estimated Corrective Action Date	Completed

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-119**
CFDA Number	47.076, 81.087 and 93.247
Program Title	**Research and Development Cluster (R&D)** Education and Human Resources Renewable Energy Research and Development Advanced Education Nursing Grant Program
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**University of Central Florida (UCF)**
Federal Grant/Contract Number and Grant Year	CFDA No. 47.076 EHR-0227833, December 1, 2002 – November 30, 2004 CFDA No. 81.087 DE-FC26-99GO10478, September 1, 1999 – March 31, 2005 DE-FG26-01NT41249, September 30, 2002 – December 30, 2003 CFDA No. 93.247 1D09 HP 004440-01, July 1, 2002 – June 30, 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs $718,445 ($433,890 and $284,555)

Finding

The institution claimed indirect costs on their matching funds as a portion of their match. In addition, the institution did not maintain adequate documentation evidencing that personnel costs used for matching were reallowable.

Criteria

OMB Circular A-110, Section C .23; and OMB Circular A-21, Section J. 10. c. (2).

Condition

During our review of the institution's compliance with matching requirements, we noted that for three of ten grants tested, the institution claimed as part of the grants' matching, indirect costs calculated on the matching funds. The institution represents that the indirect cost calculated on the matching funds is 'foregone' overhead. However, foregone overhead should be calculated on the Federal share, not calculated on the institutional match. The 'foregone' overhead claimed for matching purposes totaled $433,890 ($65,366 grant No. EHR-0227833, $360,109 grant No. DE-FC26-99GO10478, and $8,415 grant No. DE-FG26-01NT41249).

In addition, salary charges totaling $284,555 for two grants ($250,237 grant No. EHR-0277833 and $34,318 grant No. 1D09 HP 00444), were not supported by signed after-the-fact employee certifications documenting actual work effort on the grant and were not posted to the grants' matching cost accounts. (see FA 04-110)

Cause

The institution believes that the calculation of the 'foregone' overhead is an acceptable method for meeting the required match on Federal grants. However, per OMB Circular A-110, the definition of unrecovered indirect cost is "the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate." The definition of award is "financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property by the Federal Government to an eligible recipient." Therefore, unrecovered indirect cost (foregone) is applicable to indirect amounts calculated on Federal award amounts, not on matching funds.

In addition, the institution's controls did not ensure signed after-the-fact time-and-effort certifications were maintained to support salary charges used

as matching for employees that work on Federal grants and the institution did not follow their established procedures to use grant matching accounts.

Effect

As a result of the institution's use of the indirect cost rate applied to the matching funds, the institution did not meet the required match amounts for three grants. The unmet match totaled $433,890.

Additionally, the institution did not maintain adequate support to document salary charges used as matching. The unsupported salary charges totaled $284,555.

Recommendation

We recommend that the institution obtain clarification directly from USDHHS, the cognizant agency, as to the allowability of calculating indirect costs on matching funds. We also recommend that the institution implement procedures that will ensure signed after-the-fact time-and-effort certifications are maintained for employees that work on Federal grants and use separate grant matching accounts per the institution's already established procedures. If it is determined that these costs are unallowed, we recommend the institution contact the appropriate Federal departments (National Science Foundation, U.S. Department of Energy and USDHHS) to determine if additional matching funds will be required for the above grants.

UCF Response and Corrective Action Plan

The Office of Research and Commercialization contacted the Division of Cost Allocation at DHHS to clarify the allowability of calculating Facilities and Administrative costs on University Matching funds. The DHHS representative commented that use of Facilities and Administrative costs on matching funds was allowable and stated that he wished to examine the audit report prior to providing a formal written response.

UCF understands that we need to have signed after-the-fact time-and-effort certifications for matching efforts which are part of federal contracts and grants. The Provost has charged the Vice President for Research to lead the effort to implement procedures that address matching accounts for federal research accounts.

UCF Contact and Telephone Number

M. J. Soileau, Vice President for Research
(407) 823-5538

Estimated Corrective Action Date

9/30/05

U.S. DEPARTMENT OF EDUCATION

Finding Number	**FA 04-120**
CFDA Number	84.184
Program Title	**Research and Development Cluster (R&D)** Safe and Drug-Free Schools and Communities – National Programs
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	**University of North Florida (UNF)**
Federal Grant/Contract Number and Grant Year	S184H010040-02, July 16, 2001 – December 15, 2003
Finding Type	Material Noncompliance Questioned Costs – $65,932 calculated

Finding

The institution did not fulfill matching requirements in accordance with the terms of the grant agreement.

Criteria

OMB Circular A-110, Section C .23 and Grant Award Notification

Condition

We compared the final Grants Performance Report to the Application for Federal Assistance and subsequent Grant Award Notification to determine whether the matching requirement was met. The matching requirement of $12,732 was not met as the documented amount reported in the final Grants Performance Report was $9,689, resulting in a difference of $3,043. The match was approximately 76 percent of the required amount and, therefore, the institution should have spent approximately only $208,786 in Federal dollars. However, the institution spent the entire federal amount of $274,718 without providing the total match, which results in $65,932 of questioned costs.

Cause

The institution did not provide the remaining match amount totaling $3,043 during the Spring 2003 term or during the no-cost extension portion of the project period of July 16, 2003, through December 15, 2003.

Effect

The institution did not provide the total match required for this Federal award and, therefore, may have received $65,932 of Federal monies that may be disallowed.

Recommendation

We recommend that the institution consult with the grantor agency to determine if the unmatched portion totaling $65,932 should be returned. Additionally, we recommend that procedures be enhanced to ensure that Federal matching requirements are fully met.

UNF Response and Corrective Action Plan

The application for this project included a voluntary contribution of $12,732. When the award was made the granting agency did not make this voluntary contribution a condition of the award as indicated in box 7 on the Grant Award Notification, and further explained in the corresponding instructions for that document (ED-GAPS001). We believe that the match documented in the amount of $9,689 would be considered by the agency to be in excess of the grant requirements. However, we will contact the grantor agency for clarification. UNF has a system in place to electronically track matching commitments on awarded projects. We will institute a process for providing email notices to principal investigators at the commencement of each academic term reminding them of their commitments and their obligation to document such commitments. DSRT will closely monitor the percentage of match documented at each reporting period and immediately notify investigators if they are in arrears of their commitments, providing the opportunity to make up for the shortfall in subsequent periods. UNF will implement educational outreach activities for investigators regarding their financial compliance obligations on Federal grants and contracts.

UNF Contact and Telephone Number	Dawn Boatman (904) 620-2455
Estimated Corrective Action Date	May 1, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-121**
CFDA Number	Various
Program Title	**Research and Development Cluster (R&D)**
Compliance Requirement	Procurement and Suspension and Debarment
State Educational Entity	**Florida Agricultural and Mechanical University (FAMU)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	The institution did not always determine whether the vendors used for covered Federal transactions were debarred or suspended from receiving Federal funds.
Criteria	OMB Circular A-110, Section 44 (d) and Appendix A.8.; and November 26, 2003, Federal Register.
Condition	The institution did not always add a clause or condition to its covered transactions, obtain a written certification from its vendors, or check the *Excluded Parties List System (EPLS)* maintained by the General Services Administration for vendors debarred or suspended from receiving Federal funds. Although our review of several Federal purchases indicated that the vendors were not on the EPLS List at the time of testing, the potential for not detecting excluded vendors exists because the institution's procedures did not comply with the regulation. These procurement procedures are also applicable to the following major programs – Cooperative Extension Program (CFDA No. 10.500) and Title III (CFDA No. 84.031).
Cause	The institution's purchasing office was unaware of the regulation and did not establish a purchase order clause or condition, obtain a written certification, or check the EPLS in order to comply with this Federal procurement requirement.
Effect	Covered transactions could have been entered into with vendors that have been suspended or debarred and charges would be subject to disallowance.
Recommendation	We recommend the institution revise its procedures to comply with the procurement, suspension and debarment regulations, and ensure that vendors used for covered Federal transactions are not debarred or suspended from receiving Federal funds.
FAMU Response and Corrective Action Plan	The University will revise its procedures to incorporate conditions addressing suspension and debarment to determine whether vendors used by the University, for Federal transactions, were debarred or suspended from receiving Federal funds. Further, the University will monitor this process with responsible personnel to ensure full compliance. The University has incorporated conditions addressing suspension and debarment on the current purchase order.
FAMU Contact and Telephone Number	Dr. Castell V. Bryant, President (850) 599-3225
Estimated Corrective Action Date	June 30, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-122**
CFDA Number	Various
Program Title	**Research and Development Cluster (R&D)**
Compliance Requirement	Procurement and Suspension and Debarment
State Educational Entity	**Florida State University (FSU)**
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	The institution did not always determine whether the vendors used for covered Federal transactions were debarred or suspended from receiving Federal funds.
Criteria	OMB Circular A-110, Section 44 (d), and Appendix A. 8; and the November 26, 2003, Federal Register.
Condition	A change in the nonprocurement suspension and debarment rule took effect on November 26, 2003, lowering the covered transaction threshold from $100,000 to $25,000. However, the institution did not revise its established purchasing procedures to comply with the November 26, 2003, change until January 2005, subsequent to audit inquiry. Although our review of several Federal purchases indicated that the vendors were not on the Excluded Parties List System (EPLS) at the time of testing, the potential for not detecting excluded vendors exists because the institution's procedures had not been revised to comply with the regulation changes.
Cause	The institution was unaware of the regulation change and failed to revise the established purchase order clause or condition from $100,000 to $25,000 to comply with revised Federal regulations.
Effect	Covered Federal transactions could be entered into with entities that have been suspended or debarred, causing charges to be subject to disallowance.
Recommendation	The institution should continue to ensure that vendors used for covered Federal transactions are not debarred or suspended from receiving Federal funds.
FSU Response and Corrective Action Plan	FSU concurred with this finding and has put the correction in place.
FSU Contact and Telephone Number	Darryl Marshall, Director, Florida State University, Office of Financial Aid, 4400-A University Center, Tallahassee, FL 32306
Estimated Corrective Action Date	January, 2005

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	**FA 04-123**
CFDA Number	93.375
Program Title	**Research and Development Cluster (R&D)** Minority Biomedical Research Support (MBRS)
Compliance Requirement	Reporting
State Educational Entity	**Florida International University (FIU)**
Federal Grant/Contract Number and Grant Year	NIH 5 S06 GM08205-17, April 1, 2002 – March 31, 2003
Finding Type	Reportable Condition
Finding	The institution was unable to provide a complete final Financial Status Report (FSR) submitted to the National Institute of Health (NIH) with the related supporting documentation. Subsequent to our inquiries, the institution personnel provided us with a partial copy of the FSR that was received from the grantor at the institution's request.
Criteria	45 CFR 74.71 and Notice of Grant Award, Section III
Condition	The institution was awarded the Minority Biomedical Research Support (MBRS) grant by NIH for the April 1, 2002, through March 31, 2003, budget period, in the amount of $ 1,241,403. The grant required that the recipient submit, within 90 calendar days after the completion of the contract, all financial, performance, and other reports as required by the terms and conditions of the grant. The grant was closed during the 2003-04 fiscal year, however, the institution was unable to provide a complete final Financial Status Report with the related supporting documentation for our review.
Cause	The institution could not locate and provide their copy of the final Financial Status Report with the related supporting documentation.
Effect	The institution was unable to provide documentation that the final close-out FSR was completed and submitted to the Federal grantor agency.
Recommendation	We recommend that the institution enhance their procedures to properly retain required grant documentation.
FIU Response and Corrective Action Plan	As required by the grant, a Financial Status Report (FSR) was prepared and submitted to the National Institute of Health (NIH) appropriately. At the time that this document was requested the office of the Minority Biomedical Research Support (MBRS) grant was in the process of moving physical locations. This circumstance created delays in providing the requested documentation. FIU is in process of revising and strengthening its Post Award Policies and Procedures along with its document filing process.
FIU Contact and Telephone Number	Charlie Tardivo, Acting Assoc Vice President for Research Administration (305) 348-4050
Estimated Corrective Action Date	July 1, 2005

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The reporting entity for the purposes of the Schedule of Expenditures of Federal Awards (SEFA) is the State of Florida primary government, the State Universities (SU), and the State Community Colleges (SCC). Acronyms and abbreviations used in the State's SEFA for the agencies included in the primary government include the following:

Citrus.....Florida Department of Citrus
Courts.....State Courts System (Supreme Court, District Courts of Appeal, Circuit Courts, and County Courts)
FAHCA.....Florida Agency for Health Care Administration
FAWI .....Florida Agency for Workforce Innovation
FDACS.....Florida Department of Agriculture and Consumer Services
FDBPR.....Florida Department of Business and Professional Regulation
FDCA.....Florida Department of Community Affairs
FDCFS .....Florida Department of Children and Family Services
FDEP.....Florida Department of Environmental Protection
FDFS.....Florida Department of Financial Services
FDHSMV.....Florida Department of Highway Safety and Motor Vehicles
FDJJ .....Florida Department of Juvenile Justice
FDLA .....Florida Department of Legal Affairs
FDLE.....Florida Department of Law Enforcement
FDMA.....Florida Department of Military Affairs
FDMS.....Florida Department of Management Services
FDOC.....Florida Department of Corrections
FDOE .....Florida Department of Education
FDOEA .....Florida Department of Elder Affairs
FDOH.....Florida Department of Health (Includes County Health Departments)
FDOR.....Florida Department of Revenue
FDOS .....Florida Department of State
FDOT .....Florida Department of Transportation
FDVA.....Florida Department of Veterans' Affairs
FEOG .....Florida Executive Office of the Governor
FFWCC.....Florida Fish and Wildlife Conservation Commission
FSDB.....Florida School for the Deaf and the Blind
JAC .....Justice Administrative Commission (Includes State Attorneys and Public Defenders)
SBA.....State Board of Administration

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
Office of National Drug Control Policy				
Direct Programs – Not Clustered:				
Other Federal Awards	FDLE	07.999	$ 138,275	$ 51,444
Subtotal – Direct Programs – Not Clustered			$ 138,275	$ 51,444
Subtotal – Office of National Drug Control Policy			$ 138,275	$ 51,444
U. S. Department of Agriculture				
Direct Programs – Clustered:				
Child Nutrition Cluster:				
School Breakfast Program	FDOE/FSDB/SU	10.553	100,670,452	100,546,490
National School Lunch Program	FDACS/FDJJ/FDOC/ FDOE/FSDB/SU	10.555	375,611,930	369,636,833
Special Milk Program for Children	FDOE	10.556	85,352	85,352
Summer Food Service Program for Children	FDOE/SCC/SU	10.559	15,271,257	14,567,680
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program (Administrative Costs)	FDACS	10.568	2,519,184	
Emergency Food Assistance Program (Food Commodities)*	FDACS	10.569	16,701,520	16,701,520
Food Stamp Cluster:				
Food Stamps*	FDCFS/SU	10.551	1,159,105,957	
State Administrative Matching Grants for Food Stamp Program	FAWI/FDCFS/ FDLE/SU	10.561	73,508,231	9,792,150
Research and Development Programs Cluster:				
Agricultural Research–Basic and Applied Research	SU	10.001	1,697,716	
Plant and Animal Disease, Pest Control, and Animal Care	SU	10.025	263,953	
Wildlife Services	SU	10.028	10,000	
Conservation Reserve Program	SU	10.069	2,312	
Grants for Agricultural Research, Special Research Grants	SU	10.200	9,687,492	1,044,903
Cooperative Forestry Research	SU	10.202	590,878	
Payments to Agricultural Experiment Stations Under the Hatch Act	SU	10.203	2,117,984	
Grants for Agricultural Research–Competitive Research Grants	SU	10.206	2,165,927	72,127
Animal Health and Disease Research	SU	10.207	658	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	SU	10.210	22,129	
1890 Institution Capacity Building Grants	SU	10.216	538,149	
Higher Education Challenge Grants	SU	10.217	41,366	3,347
Initiative for Future Agriculture and Food Systems	SU	10.302	2,423,668	604,554
Integrated Programs	SU	10.303	2,036,069	689,499
Crop Insurance	SU	10.450	65,243	10,000
Cooperative Extension Service	SU	10.500	77,994	
Forestry Research	SU	10.652	553,321	
Cooperative Forestry Assistance	SU	10.664	4,085	
Resource Conservation and Development	SU	10.901	6,646	
Scientific Cooperation and Research	SU	10.961	65,650	
International Training–Foreign Participant	SU	10.962	12	
Other Federal Awards	SU	10.999	3,356,999	645,934
Schools and Roads Cluster:				
Schools and Roads–Grants to States	FDFS	10.665	2,405,333	
Subtotal – Direct Programs – Clustered			$ 1,771,607,467	$ 514,400,389
Direct Programs – Not Clustered:				
Agricultural Research–Basic and Applied Research	Citrus/SCC/SU	10.001	361,294	
Plant and Animal Disease, Pest Control, and Animal Care	FDACS/FFWCC/SU	10.025	29,328,432	
Wildlife Services	FDACS	10.028	153,403	
Federal-State Marketing Improvement Program	FDACS	10.156	19,858	
Market Protection and Promotion	FDACS	10.163	1,905,276	
Grants for Agricultural Research, Special Research Grants	FDACS/SU	10.200	520,993	
Payments to Agricultural Experiment Stations Under the Hatch Act	SU	10.203	3,135,000	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	SU	10.210	7,883	
1890 Institution Capacity Building Grants	SU	10.216	40,100	
Higher Education Challenge Grants	SU	10.217	112,003	38,128
Higher Education Multicultural Scholars Program	SU	10.220	35,863	
Hispanic Serving Institutions Education Grants	SCC	10.223	99,596	
Community Food Projects	SU	10.225	1,644,731	
Initiative for Future Agriculture and Food Systems	SU	10.302	3,337	
Integrated Programs	FDACS/SU	10.303	388,632	
Emergency Loans	FDCA	10.404	1,991,952	1,987,255
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	SU	10.443	3,386	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Agriculture (Continued)				
Direct Programs – Not Clustered (Continued):				
Crop Insurance	FDACS	10.450	$ 176,719	$
Cooperative Extension Service	SU	10.500	9,077,214	
Food Donation*	FDACS/FSDB	10.550	44,490,806	44,450,310
Special Supplemental Nutrition Program for Women, Infants, and Children	FDOH/SU	10.557	221,817,116	815,478
Child and Adult Care Food Program	FDOEA/FDOH/SCC	10.558	99,333,452	98,014,560
State Administrative Expenses for Child Nutrition	FDACS/FDOE/FDOEA/ FDOH/SU	10.560	6,356,642	3,057
Nutrition Services Incentive	FDOEA	10.570	147,104	
WIC Farmers Market Nutrition Program (FMNP)	FDACS	10.572	263,873	
Market Access Program	Citrus	10.601	4,847,907	
Emerging Markets Program	Citrus	10.603	175,000	
Forestry Research	FDACS/FFWCC/SU	10.652	482,845	
Cooperative Forestry Assistance	FDACS/SU	10.664	4,125,747	1,164,538
Livestock, Meat and Poultry Market Supervision	SU	10.800	1,368	
Wildlife Habitat Incentive Program	FFWCC	10.914	47,208	
International Training–Foreign Participant	SU	10.962	4,798	
Other Federal Awards	Citrus/FDACS/SU	10.999	930,429	14,308
Subtotal – Direct Programs – Not Clustered			$ 432,029,967	$ 146,487,634
Indirect Programs – Clustered (Note 5):				
Food Stamp Cluster:				
Food Stamps	SCC	10.551	43,590	
State Administrative Matching Grants for Food Stamp Program	SCC	10.561	93,075	
Research and Development Programs Cluster:				
Agricultural Research–Basic and Applied Research	SU	10.001	60,109	
Grants for Agricultural Research, Special Research Grants	SU	10.200	642,175	179,700
Grants for Agricultural Research–Competitive Research Grants	SU	10.206	108,260	
Small Business Innovation Research	SU	10.212	3,967	
Higher Education Challenge Grants	SU	10.217	14,720	
Tribal Colleges Endowment Program	SU	10.222	16,430	
Agricultural and Rural Economic Research	SU	10.250	11,846	
Initiative for Future Agriculture and Food Systems	SU	10.302	611,513	
Integrated Programs	SU	10.303	48,271	
Cooperative Extension Service	SU	10.500	8,549	
Scientific Cooperation and Research	SU	10.961	12,357	
Other Federal Awards	SU	10.999	404,018	
Subtotal – Indirect Programs – Clustered			$ 2,078,880	$ 179,700
Indirect Programs – Not Clustered (Note 5):				
Grants for Agricultural Research, Special Research Grants	SU	10.200	45	
Higher Education Challenge Grants	SU	10.217	8,870	
Integrated Programs	SU	10.303	180,448	
Cooperative Extension Service	SU	10.500	54,859	22,256
Other Federal Awards	SCC/SU	10.999	31,499	
Subtotal – Indirect Programs – Not Clustered			$ 275,721	$ 22,256
Subtotal - U. S. Department of Agriculture			$ 2,205,992,035	$ 661,089,979
U. S. Department of Commerce				
Direct Programs – Clustered:				
Public Works and Economic Development Cluster:				
Grants for Public Works and Economic Development Facilities	SCC	11.300	868,030	
Economic Adjustment Assistance	SCC	11.307	22,140	
Research and Development Programs Cluster:				
Sea Grant Support	SU	11.417	1,732,498	589,796
Coastal Zone Management Administration Awards	SU	11.419	167,536	
Coastal Zone Management Estuarine Research Reserves	SU	11.420	388,306	
Financial Assistance for National Centers for Coastal Ocean Science	SU	11.426	12,321	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	SU	11.427	178,394	25,213
Marine Sanctuary Program	SU	11.429	4,992	
Undersea Research	SU	11.430	14,710	
Climate and Atmospheric Research	SU	11.431	884,066	
Marine Fisheries Initiative	SU	11.433	290,232	
Southeast Area Monitoring and Assessment Program	SU	11.435	96,821	
Marine Mammal Data Program	SU	11.439	7,447	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Commerce (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Regional Fishery Management Councils	SU	11.441	$ 98,411	$ 7,500
Research in Oceanographic Data Base Management	SU	11.442	2,636	
Unallied Management Projects	SU	11.454	718,665	
Habitat Conservation	SU	11.463	42,769	8,581
Applied Meteorological Research	SU	11.468	155,898	
Unallied Science Program	SU	11.472	91,745	
Coastal Services Center	SU	11.473	147,366	
Center for Sponsored Coastal Ocean Research–Coastal Ocean Program	SU	11.478	915,851	284,237
Educa tional Partnership Program	SU	11.481	2,200,406	1,144,782
Public Telecommunications Facilities Planning and Construction	SU	11.550	9,586	
Technology Opportunities Program	SU	11.552	217,142	
Measuremen t and Engineering Research and Standards	SU	11.609	32,826	
Other Federal Awards	SU	11.999	322,825	6,000
Subtotal – Direct Programs – Clustered			$ 9,623,619	$ 2,066,109
Direct Programs – Not Clustered:				
Census Bureau Data Products	SU	11.001	1,451	
Economi c Development–Technical Assistance	SU	11.303	103,203	
Inte rjurisdictional Fisheries Act of 1986	FFWCC	11.407	162,494	
Sea Grant Support	FDACS/SU	11.417	1,272,012	150
Coastal Zone Management Administration Awards FDCA/FDEP/ FFWCC/SU		11.419	4,960,855	2,667,165
Coastal Zone Management Estuarine Research Reserves	FDEP/SU	11.420	3,073,554	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	FFWCC/SU	11.427	183,832	
Marine Sanctuary Program	FDEP/FFWCC	11.429	1,979,901	
Undersea Research	FDEP	11.430	954,087	
Climate and Atmospheric Research	SU	11.431	143,702	
Marine Fisheries Initiative	FDACS/FFWCC	11.433	158,290	10,375
Cooperativ e Fishery Statistics	FFWCC	11.434	101,103	
Southeast Area Monitoring and Assessment Program	FFWCC	11.435	31,217	
Marine Mammal Data Program	FFWCC	11.439	58,976	17,500
Regional Fishery Management Councils	FFWCC	11.441	1,045,711	
Automa ted Flood Warning Systems (AFWS)	FFWCC	11.450	5,609,781	
Unallied Industry Projects	FDACS/FFWCC	11.452	1,734,866	
Special Oceanic and Atmospheric Projects	FDEP	11.460	18,144	
Habitat Conservation	FFWCC	11.463	138,545	3,000
Meteorologic and Hydrologic Modernization Development	SU	11.467	21,883	
Unallied Science Program	SU	11.472	97,896	
Coastal Services Center	FFWCC/SU	11.473	13,397	1,000
Atlantic Coastal Fisheries Cooperative Management Act	FFWCC	11.474	302,046	
Center for Sponsored Coastal Ocean Research–Coastal Ocean Program	FFWCC/SU	11.478	1,130,976	
Public Telecommunications Facilities Planning and Construction	SCC/SU	11.550	87,312	
Technology Opportunities Program	SCC	11.552	48,221	
Other Federal Awards	SU	11.999	86,105	
Subtotal – Direct Programs – Not Clustered			$ 23,519,560	$ 2,699,190
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Sea Grant Support	SU	11.417	47,987	
Coastal Zone Management Administration Awards	SU	11.419	168,473	
Financial Assistance for National Centers for Coastal Ocean Science	SU	11.426	2,527	
Undersea Research	SU	11.430	17,052	
Climate and Atmospheric Research	SU	11.431	54,269	
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	SU	11.432	43,865	
Marine Fisheries Initiative	SU	11.433	10,501	
Automa ted Flood Warning Systems (AFWS)	SU	11.450	39,721	
Unallied Management Projects	SU	11.454	7,567	
Special Oceanic and Atmospheric Projects	SU	11.460	39,394	
Habitat Conservation	SU	11.463	28,266	
Meteorologi c and Hydrologic Modernization Development	SU	11.467	2,621	
Unallied Science Program	SU	11.472	332,877	
Coastal Services Center	SU	11.473	399,210	
Educa tional Partnership Program	SU	11.481	20,366	
Measuremen t and Engineering Research and Standards	SU	11.609	124,628	55,000

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Commerce (Continued)				
Indirect Programs – Clustered (Note 5) (Continued):				
Research and Development Programs Cluster (Continued):				
Other Federal Awards	SU	11.999	$ 374,996	$
Subtotal – Indirect Programs – Clustered			$ 1,714,320	$ 55,000
Indirect Programs – Not Clustered (Note 5):				
Coastal Zone Management Estuarine Research Reserves	FDEP	11.420	30,935	
Cooperativ e Fishery Statistics	FFWCC	11.434	447,409	
Regional Fishery Management Councils	FFWCC	11.441	30,000	
Habitat Conservation	FFWCC	11.463	27,718	
Educa tional Partnership Program	FDEP	11.481	8,128	
Other Federal Awards	SU	11.999	22,427	
Subtotal – Indirect Programs – Not Clustered			$ 566,617	$
Subtotal – U. S. Department of Commerce			$ 35,424,116	$ 4,820,299
U. S. Department of Defense				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aquati c Plant Control	SU	12.100	38,503	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	SU	12.113	71,972	
Collaborativ e Research and Development	SU	12.114	10,069,214	565,664
Basi c and Applied Scientific Research	SU	12.300	39,274,574	7,212,701
Military Medical Research and Development SU		12.420	4,820,752	1,065,562
Basi c Scientific Research	SU 12.431		14,797,741	5,594,145
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	2,623,733	17,000
Air Force Defense Research Sciences Program	SU	12.800	6,944,612	407,025
Language Grant Program	SU	12.900	136,706	
Mathemati cal Sciences Grants Program	SU	12.901	85,999	
Info rmation Security Grant Program	SU	12.902	196,196	
Resear ch and Technology Development SU		12.910	8,156,757	2,510,204
Other Federal Awards	SU	12.999	9,634,640	650,331
Subtotal – Direct Programs – Clustered			$ 96,851,399	$ 18,022,632
Direct Programs – Not Clustered:				
Procurement Technical Assistance For Business Firms	SU	12.002	521,485	45,266
Law Enforcement Support Organization FDMS		12.005	4,740,827	4,740,827
Nav igation Projects	FDEP	12.107	943,999	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	FDEP/SU	12.113	634,461	
Collaborative Research and Development	SU	12.114	247,520	
Basic and Applied Scientific Research	SU	12.300	155,280	
Military Construction, National Guard	FDMA	12.400	26,672,679	
National Guard Military Operations and Maintenance (O&M) Projects	FDMA	12.401	23,924,576	
National Guard Civilian Youth Opportunities	FDMA	12.404	2,089,085	
Military Medical Research and Development	SU	12.420	118,777	
National Security Education–Scholarships	SU	12.551	277,535	
Air Force Defense Research Sciences Program	SU	12.800	484	
Other Federal Awards	FDOC/FDOE/SU	12.999	610,557	
Subtotal – Direct Programs – Not Clustered			$ 60,937,265	$ 4,786,093
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Aquati c Plant Control	SU	12.100	288,518	
Collaborativ e Research and Development	SU	12.114	61,172	
Basi c and Applied Scientific Research	SU	12.300	3,350,052	12,000
Military Medical Research and Development	SU	12.420	369,633	
Basi c Scientific Research	SU	12.431	1,054,482	
Inte rnational Education–U.S. Colleges and Universities	SU	12.550	271,982	
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	709,707	14,600
Air Force Defense Research Sciences Program	SU	12.800	664,861	173,442
Mathemati cal Sciences Grants Program	SU	12.901	104,651	
Resear ch and Technology Development	SU	12.910	1,229,607	
Other Federal Awards	SU	12.999	5,880,296	49,858
Subtotal – Indirect Programs – Clustered			$ 13,984,961	$ 249,900

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Defense (Continued)				
Indirect Programs – Not Clustered (Note 5):				
Aquati c Plant Control	SU	12.100	$ 88,857	$
Collaborative Research and Development	SU	12.114	12,879	
Basic and Applied Scientific Research	SU	12.300	166,699	
Basi c Scientific Research	SU	12.431	9,748	
Other Federal Awards	SU	12.999	136,213	
Subtotal – Indirect Programs – Not Clustered			$ 414,396	$
Subtotal – U. S. Department of Defense			$ 172,188,021	$ 23,058,625
U. S. Department of Housing and Urban Development				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Early Doctoral Student Research Grants	SU	14.517	8,887	
Subtotal – Direct Programs – Clustered			$ 8,887	$
Direct Programs – Not Clustered:				
Community Development Block Grants/States Program FDCA/SU		14.228	36,830 ,243	35,823,256
Emergency Shelter Grants Program	FDCFS 14.231		1,965,135	1,565,287
Supportiv e Housing Program	SU	14.235	205,294	15,000
Housing Opportunities for Persons with AIDS	FDOH	14.241	4,405,695	4,338,812
Community Development Block Grants/Brownfields Economic Development Initiative	SCC	14.246	591,238	
Fair Housing Assistance Program–State and Local	FDMS	14.401	940,000	
Community Outreach Partnership Center Program	SU	14.511	41,202	
Community Development Work-Study Program	SU	14.512	74,085	
Hispani c-Serving Institutions Assisting Communities	SCC	14.514	211,920	
Other Federal Awards	SU	14.999	13,469	
Subtotal – Direct Programs – Not Clustered			$ 45,278,281	$ 41,742,355
Indirect Programs – Clustered (Note 5):				
CDBG – Entitlement and Small Cities Cluster:				
Community Development Block Grants/Entitlement Grants	SU	14.218	34,919	
Community Development Block Grants/Small Cities Program	SU	14.219	20,328	
Research and Development Programs Cluster:				
Other Federal Awards	SU	14.999	4,697	
Subtotal – Indirect Programs – Clustered			$ 59,944	$
Indirect Programs – Not Clustered (Note 5):				
Demolition and Revitalization of Severely Distressed Public Housing	SU	14.866	42,173	
Subtotal – Indirect Programs – Not Clustered			$ 42,173	$
Subtotal – U. S. Department of Housing and Urban Development			$ 45,389,285	$ 41,742,355
U. S. Department of the Interior				
Direct Programs – Clustered:				
Fish and Wildlife Cluster:				
Sport Fish Restoration	FFWCC	15.605	5,217,829	
W ildlife Restoration	FFWCC	15.611	3,540,449	
Research and Development Programs Cluster:				
Water Reclamation and Reuse Program	SU	15.504	6,583	
Fish and Wildlife Management Assistance	SU	15.608	96,557	
Endangered Species Conservation	SU	15.612	16,658	
Coastal Wetlands Planning, Protection and Restoration Act	SU	15.614	203,866	
Conserv ation Grants Private Stewardship for Imperiled Species	SU	15.632	1,253	
Assistan ce to State Water Resources Research Institutes	SU	15.805	73,625	
U.S. Geological Survey– Research and Data Collection	SU	15.808	4,358,832	244,750
National Cooperative Geologic Mapping Program	SU	15.810	25,295	
Economic, Social, and Political Development of the Territories and the Freely Associated States	SU	15.875	67,669	
Histori c Preservation Fund Grants-In-Aid	SU	15.904	375	
Disposal of Federal Surplus Real Property for Parks, Recreation, and Historic Monuments	SU	15.918	37	
Urban Park and Recreation Recovery Program	SU	15.919	5,553	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of the Interior (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
National Center for Preservation Technology and Training	SU	15.923	$ 215,247	$
Other Federal Awards	SU	15.999	3,622,420	130,416
Subtotal – Direct Programs – Clustered			$ 17,452,248	$ 375,166
Direct Programs – Not Clustered:				
Fish and Wildlife Management Assistance	FFWCC/SCC	15.608	55,816	
Endangered Species Conservation	FFWCC	15.612	209,108	
Coastal Wetlands Planning, Protection and Restoration Act	FDEP	15.614	3,663,604	700,000
Cooperative Endangered Species Conservation Fund	FDACS/FFWCC	15.615	896,427	10,750
Clean Vessel Act	FDEP	15.616	550,130	65,625
Wildlife Conservation and Appreciation	FFWCC	15.617	25,000	
Sportfishing and Boating Safety Act	FFWCC	15.622	324,540	
North American Wetlands Conservation Fund	FDEP	15.623	45,000	
Wildlife Conservation and Restoration	FFWCC	15.625	899,614	
Hunter Education and Safety Program	FFWCC	15.626	146,260	
Coastal Program	FDEP	15.630	17	
Conservation Grants Private Stewardship for Imperiled Species	FDEP	15.632	114,053	
Landowner Incentive	FFWCC	15.633	65,364	
State Wildlife Grants	FFWCC	15.634	854,311	
U.S. Geological Survey– Research and Data Collection	FDEP/FFWCC/SU	15.808	290,830	
National Cooperative Geologic Mapping Program	FDEP	15.810	167,865	
Historic Preservation Fund Grants-In-Aid	FDEP/FDOS	15.904	203,117	183,117
Outdoor Recreation–Acquisition, Development and Planning	FDEP/FFWCC	15.916	2,288,744	2,186,257
Urban Park and Recreation Recovery Program	SU	15.919	12,155	
Native American Graves Protection and Repatriation Act	SU	15.922	16,912	
Other Federal Awards	FDEP/FFWCC/SU	15.999	695,642	88,907
Subtotal – Direct Programs – Not Clustered			$ 11,524,509	$ 3,234,656
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Cooperative Endangered Species Conservation Fund	SU	15.615	73,581	
Wildlife Conservation and Appreciation	SU	15.617	822	
Historic Preservation Fund Grants-In-Aid	SU	15.904	3,346	
Other Federal Awards	SU	15.999	6,052	
Subtotal – Indirect Programs – Clustered			$ 83,801	$
Indirect Programs – Not Clustered (Note 5):				
Fish and Wildlife Management Assistance	SCC	15.608	329,817	
U.S. Geological Survey– Research and Data Collection	FDEP/FFWCC	15.808	26,375	
Other Federal Awards	SU	15.999	528,139	
Subtotal – Indirect Programs – Not Clustered			$ 884,331	$
Subtotal – U. S. Department of the Interior			$ 29,944,889	$ 3,609,822
U. S. Department of Justice				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Combined DNA Index System	SU	16.307	137,619	
National Institute of Justice Research, Evaluation, and Development Project	SU	16.560	1,467,088	
Crime Laboratory Improvement–Combined Offender DNA Index System Backlog Reduction	SU	16.564	184,364	
National Institute of Justice W.E.B. DuBois Fellowship Program	SU	16.566	9	
Public Safety Partnership and Community Policing Grants	SU	16.710	110,797	
Other Federal Awards	SU	16.999	247,820	35,379
Subtotal – Direct Programs – Clustered			$ 2,147,697	$ 35,379
Direct Programs – Not Clustered:				
Law Enforcement Assistance–Narcotics and Dangerous Drugs–Laboratory	FDLE/FDMS	16.001	519,373	
Community Relations Service	FDJJ	16.200	43,287	
Offender Reentry Program	FDJJ/FDOC	16.202	309,062	
Juvenile Accountability Incentive Block Grants	FDJJ/SU	16.523	9,080,215	
Legal Assistance for Victims	SU	16.524	19,965	
Juvenile Justice and Delinquency Prevention–Allocation to States	FDJJ/SU	16.540	3,655,394	
Developing, Testing and Demonstrating Promising New Programs	FEOG/JAC/SU	16.541	194,703	8,228

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Justice (Continued)				
Direct Programs – Not Clustered (Continued):				
Part D - Research, Evaluation, Technical Assistance and Training	Courts/SU	16.542	$ 166,842	$ 46,339
Title V–Delinquency Prevention Program	FDJJ/SU	16.548	1,443,868	
Part E–State Challenge Activities	FDJJ	16.549	274,137	
State Justice Statistics Program for Statistical Analysis Centers	FDLE	16.550	59,426	
National Criminal History Improvement Program (NCHIP)	Courts/FDLE/FDOC	16.554	3,256,514	
National Institute of Justice Research, Evaluation, and Development Project	FDLE	16.560	248,036	86,977
Crime Laboratory Improvement–Combined Offender DNA Index System Backlog Reduction	FDLE	16.564	2,935,867	1,056,173
Crime Victim Assistance	FDHSMV/FDLA/ FDOH/JAC/SU	16.575	16,444,722	14,050,871
Crime Victim Compensation	FDLA	16.576	12,812,731	
Byrne Formula Grant Program	FDLE/FDOC	16.579	23,551,214	16,059,395
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	JAC/SCC	16.580	763,499	
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	FDJJ/FDLE/FDOC/SU	16.586	24,275,783	
Violence Against Women Formula Grants	Courts/FDCFS/JAC/SU	16.588	7,547,731	5,581,934
Rural Domestic Violence and Child Victimization Enforcement Grant Program	FDCFS/SU	16.589	283,947	222,014
Local Law Enforcement Block Grants Program	FDLE	16.592	1,087,518	748,740
Residential Substance Abuse Treatment for State Prisoners	FDJJ/FDLE /FDOC	16.593	3,965,892	1,074,903
State Criminal Alien Assistance Program	FDOC	16.606	9,195,480	
Bulletproof Vest Partnership Program	FDHSMV/FDLE/ FFWCC	16.607	44,177	
Community Prosecution and Project Safe Neighborhoods	FDLA/FDLE/JAC/SCC	16.609	1,887,031	50,777
Public Safety Partnership and Community Policing Grants	FDOC/SCC/SU	16.710	1,511,904	
Police Corps	SU	16.712	1,663,871	
Enforcing Underage Drinking Laws Program	FDBPR	16.727	346,343	
Other Federal Awards	FDLE/FDMA/SU	16.999	521,635	
Subtotal – Direct Programs – Not Clustered			$ 128,110,167	$ 38,986,351
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Community Relations Service	SU	16.200	31,438	
Part D - Research, Evaluation, Technical Assistance and Training	SU	16.542	18,174	
Violence Against Women Formula Grants	SU	16.588	8,448	
Police Corps	SU	16.712	1,126	
Other Federal Awards	SU	16.999	299,446	
Subtotal – Indirect Programs – Clustered			$ 358,632	$
Indirect Programs – Not Clustered (Note 5):				
Developing, Testing and Demonstrating Promising New Programs	SU	16.541	20,392	
Byrne Formula Grant Program	SU	16.579	31,766	
Local Law Enforcement Block Grants Program	FDLE	16.592	41,250	
Executive Office for Weed and Seed	SCC	16.595	14,440	
Other Federal Awards	FDLE/SU	16.999	128,780	
Subtotal – Indirect Programs – Not Clustered			$ 236,628	$
Subtotal – U. S. Department of Justice			$ 130,853,124	$ 39,021,730
U. S. Department of Labor				
Direct Programs – Clustered:				
Employment Service Cluster:				
Employment Service	FAWI/FDOE/FDOEA	17.207	38,841,835	11,639,601
Disabled Veterans Outreach Program (DVOP) FA	WI	17.801	4,857,033	1,542,905
Local Veterans Employment Representative Program	FAWI	17.804	3,691,395	1,058,283
National Farmworker Jobs Program Cluster:				
Migrant and Seasonal Farmworkers	FDOE/SCC	17.247	1,923,720	1,547,256
Migrant and Seasonal Farmworkers	FDOE/SCC	17.264	3,172,998	2,163,323
Research and Development Programs Cluster:				
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SU	17.261	264,151	
Consultation Agreements	SU	17.504	826,733	
WIA Cluster:				
WIA Adult Program	FAWI	17.258	43,982,503	42,497,834
WIA Youth Activities	FAWI	17.259	42,175,665	40,335,133
WIA Dislocated Workers	FAWI	17.260	43,683,371	40,306,782
Subtotal – Direct Programs – Clustered			$ 183,419,404	$ 141,091,117

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Labor (Continued)				
Direct Programs – Not Clustered:				
Labor Force Statistics	FAWI/SU	17.002	$ 3,227,232	$
Compensati on and Working Conditions	FDFS	17.005	245,032	
Certification of Foreign Workers for Temporary Agricultural Employment	FAWI	17.202	761,933	
Labor Certification for Alien Workers	FAWI	17.203	942,500	
Unemployment Insurance (Note 3)	FAWI/FDOR	17.225	1,394,785,694	2,589,036
Senior Community Service Employment Program FA	WI/FDOEA	17.235	6,208,896	6,048,497
Trade Adjustment Assistance–Workers	FAWI	17.245	1,990,387	6,823
Employment and Training Assistance–Dislocated Workers	FAWI	17.246	2,225	
Welfare-to-Work Grants to States and Localities FA	WI/SCC/SU	17.253	18,576,608	15,921,389
W orkforce Investment Act	FAWI	17.255	9,990	12,700
One-Stop Career Center Initiative	FAWI	17.257	155,127	155,127
Employment and Training Administration Pilots, Demonstrations, and Research Projects	FAWI/FDJJ/SCC	17.261	2,571,579	924,411
W ork Incentives Grant	FAWI	17.266	233,855	223,677
WIA Incentive Grants–Section 503 Grants to States	FAWI/SCC	17.267	1,316,756	706,702
Occupational Safety and Health–Susan Harwood Training Grants	SU	17.502	101,487	39,285
Consultation Agreements	SU	17.504	1,564,143	
Mine Health and Safety Grants	FDEP	17.600	119,555	
Veteran s Employment Program	SCC	17.802	144	
Subtotal – Direct Programs – Not Clustered			$ 1,432,813,143	$ 26,627,647
Indirect Programs – Clustered (Note 5):				
Employ ment Service Cluster:				
Employ ment Service	SCC	17.207	84,310	
Research and Development Programs Cluster:				
Other Federal Awards	SU	17.999	31,606	
WIA Cluster:				
W IA Adult Program	SCC/SU	17.258	1,270,489	24,675
W IA Youth Activities	SCC	17.259	1,079,192	
W IA Dislocated Workers	SCC	17.260	1,213,014	
Subtotal – Indirect Programs – Clustered			$ 3,678,611	$ 24,675
Indirect Programs – Not Clustered (Note 5):				
Unemploy ment Insurance	SCC	17.225	126,011	
Welfare-to-Work Grants to States and Localities	SCC	17.253	236,997	
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SCC	17.261	534,731	
Other Federal Awards	SCC	17.999	20,278	
Subtotal – Indirect Programs – Not Clustered			$ 918,017	$
Subtotal – U. S. Department of Labor			$ 1,620,829,175	$ 167,743,439
U. S. Department of State				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	SU	19.300	3,778	
Cooperativ e Grants	SU	19.420	405	
Educa tional Partnerships Program	SU	19.424	48,893	17,572
Other Federal Awards	SU	19.999	206,518	9,000
Subtotal – Direct Programs – Clustered			$ 259,594	$ 26,572
Direct Programs – Not Clustered:				
Educa tional Partnerships Program	SU	19.424	117,883	
Other Federal Awards	SU	19.999	488,529	
Subtotal – Direct Programs – Not Clustered			$ 606,412	$
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Profe ssional Development-Teacher Training	SU	19.419	44	
Other Federal Awards	SU	19.999	54,232	
Subtotal – Indirect Programs – Clustered			$ 54,276	$

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of State (Continued)				
Indirect Programs – Not Clustered (Note 5):				
Educa tional Exchange–Fulbright American Studies Institutes	SCC	19.418	$ 17,054	$
Educa tional Partnerships Program	SU	19.424	20,888	
Subtotal – Indirect Programs – Not Clustered			$ 37,942	$
Subtotal – U. S. Department of State			$ 958,224	$ 26,572
U. S. Department of Transportation				
Direct Programs – Clustered:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction (Note 2)	FDEP/FDOS/FDOT/ FFWCC/SU	20.205	1,461,163,646	78,849,367
H ighway Safety Cluster:				
State and Community Highway Safety	FDHSMV/FDOH/ FDOT/SCC/SU	20.600	4,688,053	1,946,637
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	FDOT/JAC	20.601	3,901,982	3,907,318
Occupan t Protection	FDOT/SCC/SU	20.602	802,146	
Federal Highway Safety Data Improvements Incentive Grants	FDHSMV/FDOT/SU	20.603	331,892	
Safety Incentive Grants for Use of Seatbelts	FDOT/SU	20.604	182	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	FDHSMV/SU	20.605	1,301,772	190,049
Research and Development Programs Cluster:				
Av iation Research Grants	SU	20.108	618,481	
National Motor Carrier Safety	SU	20.218	357,053	75,070
Federal Transit Grants for University Research and Training	SU	20.502	812,316	108,574
Federal Transit–Metropolitan Planning Grants	SU	20.505	70,257	
State Planning and Research	SU	20.515	109,186	
Univ ersity Transportation Centers Program	SU	20.701	766,486	
Transpor tation–Consumer Affairs	SU	20.900	60,810	
Other Federal Awards	SU	20.999	599,159	58,245
Subtotal – Direct Programs – Clustered			$ 1,475,583,421	$ 85,135,260
Direct Programs – Not Clustered:				
Airport Improvement Program	FDOT	20.106	184,635	59,368
Highway Training and Education	SU	20.215	72,236	
Motor Carrier Safety	FDHSMV/FDOT	20.217	4,094,153	2,546,952
Recrea tional Trails Program	FFWCC	20.219	103,615	
Grants-in- Aid for Railroad Safety–State Participation	FDOT	20.303	2,824	2,824
High Speed Ground Transportation–Next Generation High Speed Rail Program	FDOT	20.312	3,089,448	3,089,448
Federal Transit–Metropolitan Planning Grants	FDOT	20.505	3,668,173	3,668,173
Formula Grants for Other Than Urbanized Areas	FDOT	20.509	7,868,563	7,867,111
Capital Assistance Program for Elderly Persons and Persons with Disabilities	FDOT	20.513	6,441,301	6,441,301
Transit Planning and Research	FDOT	20.514	5,644	5,644
Pipeline Safety	FDACS	20.700	47,267	
Interagency Hazardous Materials Public Sector Training and Planning Grants	FDCA	20.703	459,857	398,450
Hispanic Serving Institutions-Entrepreneurial Training and Technical Assistance	SCC	20.906	78,310	
Other Federal Awards	SU	20.999	172,653	
Subtotal – Direct Programs – Not Clustered			$ 26,288,679	$ 24,079,271
Indirect Programs – Clustered (Note 5):				
Federal Transit Cluster:				
Federal Transit–Formula Grants	SU	20.507	707,642	254,648
Highway Planning and Construction Cluster:				
Highway Planning and Construction (Note 2)	SU	20.205	384,403	
Research and Development Programs Cluster:				
Av iation Education	SU	20.100	17,230	
National Motor Carrier Safety	SU	20.218	48,254	
Recrea tional Trails Program	SU	20.219	4,298	
Federal Transit Grants for University Research and Training	SU	20.502	6,378	
Federal Transit–Metropolitan Planning Grants	SU	20.505	180,640	
Federal Transit Technical Assistance	SU	20.512	18,180	
Transit Planning and Research	SU	20.514	28,052	
Univ ersity Transportation Centers Program	SU	20.701	50,447	
Interagency Hazardous Materials Public Sector Training and Planning Grants	SU	20.703	5,255	
Transpor tation–Consumer Affairs	SU	20.900	5	
Other Federal Awards	SU	20.999	45,322	
Subtotal – Indirect Programs – Clustered			$ 1,496,106	$ 254,648

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Transportation (Continued)				
Indirect Programs – Not Clustered (Note 5):				
Federal Transit Technical Assistance	SU	20.512	$ 1,494	$
Subtotal – Indirect Programs – Not Clustered			$ 1,494	$
Subtotal – U. S. Department of Transportation			$ 1,503,369,700	$ 109,469,179
U. S. Department of the Treasury				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Gang Resistance Education and Training	SU	21.053	6,307	
Other Federal Awards	SU	21.999	1,073,390	515,554
Subtotal – Direct Programs – Clustered			$ 1,079,697	$ 515,554
Direct Programs – Not Clustered:				
Jobs and Growth Tax Relief (Note 4) FEOG		21.000	310,000,000	310,000,000
Other Federal Awards	FDMA	21.999	100,799	
Subtotal – Direct Programs – Not Clustered			$ 310,100,799	$ 310,000,000
Subtotal – U. S. Department of the Treasury			$ 311,180,496	$ 310,515,554
U. S. Office of Personnel Management				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Federal Civil Service Employment	SU	27.001	579,761	
Intergovernmental Personnel Act (IPA) Mobility Program	SU	27.011	128,338	
Subtotal – Direct Programs – Clustered			$ 708,099	$
Direct Programs – Not Clustered:				
Federal Civil Service Employment	SU	27.001	27,720	
Intergovernmental Personnel Act (IPA) Mobility Program	SU	27.011	192,586	
Subtotal – Direct Programs – Not Clustered			$ 220,306	$
Subtotal – U. S. Office of Personnel Management			$ 928,405	$
U. S. Equal Employment Opportunity Commission				
Direct Programs – Not Clustered:				
Employment Discrimination–State and Local Fair Employment Practices Agency Contracts	FDMS	30.002	622,029	
Subtotal – Direct Programs – Not Clustered			$ 622,029	$
Subtotal – U. S. Equal Employment Opportunity Commission			$ 622,029	$
U. S. General Services Administration				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Donation of Federal Surplus Personal Property*	SU	39.003	14,604	
Subtotal – Direct Programs – Clustered			$ 14,604	$
Direct Programs – Not Clustered:				
Donation of Federal Surplus Personal Property*	FDMS/FDOC/SCC/SU	39.003	3,143 ,014	3,102,760
Elec tion Reform Payments	FDHSMV/FDLE/FDOS	39.011	4,520,293	3,949,838
Subtotal – Direct Programs – Not Clustered			$ 7,663,307	$ 7,052,598
Subtotal – U. S. General Services Administration			$ 7,677,911	$ 7,052,598

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
National Aeronautics and Space Administration				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aerospa ce Education Services Program	SU	43.001	$ 7,183,427	$ 297,016
Technology Transfer	SU	43.002	918,521	17,887
Other Federal Awards	SU	43.999	15,131,152	2,407,233
Subtotal – Direct Programs – Clustered			$ 23,233,100	$ 2,722,136
Direct Programs – Not Clustered:				
Aerospace Education Services Program	SU	43.001	302,243	38,275
Technology Transfer	SU	43.002	176,166	
Other Federal Awards	FDEP/SCC/SU	43.999	465,340	
Subtotal – Direct Programs – Not Clustered			$ 943,749	$ 38,275
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Aerospa ce Education Services Program	SU	43.001	911,763	
Technology Transfer	SU	43.002	695,614	
Other Federal Awards	SU	43.999	1,192,836	
Subtotal – Indirect Programs – Clustered			$ 2,800,213	$
Indirect Programs – Not Clustered (Note 5):				
Aerospace Education Services Program	SU	43.001	160,981	
Other Federal Awards	SU	43.999	7,353	
Subtotal – Indirect Programs – Not Clustered			$ 168,334	$
Subtotal – National Aeronautics and Space Administration			$ 27,145,396	$ 2,760,411
National Foundation on the Arts and the Humanities				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Promotion of the Arts–Grants to Organizations and Individuals	SU	45.024	10,951	
Promotion of the Arts–Leadership Initiatives	SU	45.026	41,804	
Promotion of the Arts–Challenge America Grants	SU	45.027	9,453	
Promotion of the Humanities–Division of Preservation and Access	SU	45.149	139,498	
Promotion of the Humanities–Fellowships and Stipends	SU	45.160	33,070	
Promotion of the Humanities–Research	SU	45.161	9,502	
Promotion of the Humanities–Extending the Reach Grants to Presidentially-Designated Minority Institutions	SU	45.167	2,604	
State Library Program	SU	45.310	76,895	
National Leadership Grants	SU	45.312	244,762	
Other Federal Awards	SU	45.999	75,883	
Subtotal – Direct Programs – Clustered			$ 644,422	$
Direct Programs – Not Clustered:				
Promotion of the Arts–Grants to Organizations and Individuals	SCC/SU	45.024	74,777	
Promotion of the Arts–Partnership Agreements	FDOS	45.025	618,923	154,664
Promotion of the Arts–Leadership Initiatives	FDOS	45.026	44,109	
Promotion of the Arts–Challenge America Grants	FDEP	45.027	4,555	
Promotion of the Humanities–Division of Preservation and Access	SU	45.149	890	
Promotion of the Humanities–Fellowships and Stipends	SU	45.160	29,290	
Promotion of the Humanities–Teaching and Learning Resources and Curriculum Development	SU	45.162	2,041	
Promotion of the Humanities–Public Programs	SCC/SU	45.164	20,960	
Promotion of the Humanities–Extending the Reach Grants to Presidentially-Designated Minority Institutions	SCC	45.167	24,774	
Museum for America Grants	FDOS/SCC/SU	45.301	121,189	
Museum Assessment Program	SU	45.302	72,710	
Conserv ation Project Support	SU	45.303	37,964	
State Library Program	FDOS/SCC/SU	45.310	8,147,141	3,520,703
National Leadership Grants	SU	45.312	261,104	71,594
Other Federal Awards	SU	45.999	17,932	
Subtotal – Direct Programs – Not Clustered			$ 9,478,359	$ 3,746,961

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
National Foundation on the Arts and the Humanities (Continued)				
Indirect Programs – Not Clustered (Note 5):				
Promotion of the Humanities–Federal/State Partnership	SCC/SU	45.129	$ 38,856	$
Promotion of the Humanities–Public Programs	SU	45.164	1,189	
Other Federal Awards	SU	45.999	7,500	
Subtotal – Indirect Programs – Not Clustered			$ 47,545	$
Subtotal – National Foundation on the Arts and the Humanities			$ 10,170,326	$ 3,746,961
National Science Foundation				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Engineering Grants	SU 47.041		11,475,597	1,072,647
Mathemati cal and Physical Sciences SU		47.049	41,596,400	10,263,016
Geoscien ces	SU	47.050	7,395,098	554,229
Computer and Information Science and Engineering SU		47.070	9,152 ,641	2,728,489
Biological Sciences	SU 47.074		10,521,791	1,359,217
Social , Behavioral, and Economic Sciences	SU	47.075	2,395,740	
Educa tion and Human Resources	SU	47.076	5,654,213	252,764
Polar Programs	SU	47.078	835,629	43,946
Other Federal Awards	SU	47.999	1,172,227	111,306
Subtotal – Direct Programs – Clustered			$ 90,199,336	$ 16,385,614
Direct Programs – Not Clustered:				
Engineering Grants	SU	47.041	60,686	
Mathemati cal and Physical Sciences	SCC/SU	47.049	410,781	
Geoscien ces	SU	47.050	115,980	
Computer and Information Science and Engineering	SU	47.070	335,255	
Biological Sciences	FDACS/SU	47.074	398,998	
Social , Behavioral, and Economic Sciences	SU	47.075	168,519	
Education and Human Resources	SCC/SU 47.076		7,359,294	31,141
Other Federal Awards	SU	47.999	220,499	
Subtotal – Direct Programs – Not Clustered			$ 9,070,012	$ 31,141
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Engineering Grants	SU	47.041	555,085	
Mathemati cal and Physical Sciences	SU	47.049	690,730	
Geoscien ces	SU	47.050	481,813	
Computer and Information Science and Engineering	SU	47.070	266,633	
Biological Sciences	SU	47.074	1,100,479	
Social , Behavioral, and Economic Sciences	SU	47.075	109,690	
Educa tion and Human Resources	SU	47.076	157,849	
Polar Programs	SU	47.078	58,644	
Other Federal Awards	SU	47.999	981,382	10,500
Subtotal – Indirect Programs – Clustered			$ 4,402,305	$ 10,500
Indirect Programs – Not Clustered (Note 5):				
Geoscien ces	SCC	47.050	7,998	
Social , Behavioral, and Economic Sciences	SU	47.075	55,786	
Education and Human Resources	SCC/SU	47.076	74,119	
Other Federal Awards	SU	47.999	25,665	
Subtotal – Indirect Programs – Not Clustered			$ 163,568	$
Subtotal – National Science Foundation			$ 103,835,221	$ 16,427,255
U. S. Small Business Administration				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Small Business Development Center	SU	59.037	26,535	
Subtotal – Direct Programs – Clustered			$ 26,535	$

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Small Business Administration (Continued)				
Direct Programs – Not Clustered:				
Business Development Assistance to Small Business	SU	59.005	$ 260,931	$
Small Business Development Center SCC/SU		59.037	4,805,888	12,672
Veterans Entrepreneurial Training and Counseling	SCC/SU	59.044	321,997	
Office of Small Disadvantaged Business Certification and Eligibility	SU	59.049	94,430	
Other Federal Awards	SU	59.999	159,033	
Subtotal – Direct Programs – Not Clustered			$ 5,642,279	$ 12,672
Subtotal – U. S. Small Business Administration			$ 5,668,814	$ 12,672
U. S. Department of Veterans Affairs				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Grants to States for Construction of State Home Facilities	SU	64.005	10,598	
Veterans State Hospital Care	SU	64.016	1,860	
Automobiles and Adaptive Equipment for Certain Disabled Veterans and Members of the Armed Forces	SU	64.100	16,340	
Veterans Housing–Guaranteed and Insured Loans	SU	64.114	78,805	
Survivors and Dependents Educational Assistance	SU	64.117	4,265	
Other Federal Awards	SU	64.999	1,470,716	
Subtotal – Direct Programs – Clustered			$ 1,582,584	$
Direct Programs – Not Clustered:				
Grants to States for Construction of State Home Facilities	FDVA	64.005	4,148,681	
Veterans Prescription Service	SU	64.012	14,406	
Veterans State Domiciliary Care	FDVA	64.014	6,747,007	
Veterans State Nursing Home Care	FDVA	64.015	1,152,119	
Veterans Information and Assistance	FDVA	64.115	383,207	
Other Federal Awards	SCC/SU	64.999	4,644,106	
Subtotal – Direct Programs – Not Clustered			$ 17,089,526	$
Subtotal – U. S. Department of Veterans Affairs			$ 18,672,110	$
U. S. Environmental Protection Agency				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Air Pollution Control Program Support	SU	66.001	59,374	
Water Pollution Control State and Interstate Program Support	SU	66.419	333,836	84,107
State Underground Water Source Protection	SU	66.433	70,013	
Water Quality Management Planning	SU	66.454	71,100	
Nonpoint Source Implementation Grants	SU	66.460	891,429	173,012
Water Quality Cooperative Agreements	SU	66.463	233,527	
Wastewater Operator Training Grant Program (Technical Assistance)	SU	66.467	37,304	
Environmental Protection–Consolidated Research	SU	66.500	1,213,673	129,586
Science To Achieve Results (STAR) Program	SU	66.509	263,267	44,564
Surveys, Studies, Investigations and Special Purpose Grants	SU	66.606	911,109	440,230
Training and Fellowships for the Environmental Protection Agency	SU	66.607	202,011	
Protection of Children and Older Adults (Elderly) from Environmental Health Risks	SU	66.609	48,001	
Pollution Prevention Grants Program	SU	66.708	30,578	
Hazardous Waste Management State Program Support	SU	66.801	434,598	42,728
Solid Waste Management Assistance	SU	66.808	7,278	
Environmental Education Grants	SU	66.951	11,427	
Other Federal Awards	SU	66.999	113,987	
Subtotal – Direct Programs – Clustered			$ 4,932,512	$ 914,227
Direct Programs – Not Clustered:				
Air Pollution Control Program Support FDEP/FDOH		66.001	1,763,005	
Ozone Transport	FDOH	66.033	154,490	
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	FDOH	66.034	75,054	
Water Pollution Control State and Interstate Program Support	FDEP/SU	66.419	6,666,771	434,580
Surveys, Studies, Demonstrations and Special Purpose Grants - Section 1442 of the Safe Drinking Water Act	FDEP	66.424	299,487	
State Public Water System Supervision	FDEP	66.432	4,236,633	118,994

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Environmental Protection Agency (Continued)				
Direct Programs – Not Clustered (Continued):				
State Underground Water Source Protection	FDEP	66.433	$ 231,892	$
Surv eys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	FFWCC	66.436	53,664	
W ater Quality Management Planning	FDEP/FFWCC	66.454	362,270	113,465
National Estuary Program	FFWCC	66.456	18,616	
Capitalization Grants for Clean Water State Revolving Funds (Note 2)	FDEP	66.458	30,690,458	29,462,839
Nonpoint Source Implementation Grants	FDEP/SU	66.460	7,482,311	2,118,127
W etland Program Grants	FDACS/FDEP/FFWCC	66. 461	283,928	
W ater Quality Cooperative Agreements	FDEP	66.463	326,936	
Capitalization Grants for Drinking Water State Revolving Funds (Note 2)	FDEP	66.468	37,207,261	32,310,506
Beach Monitoring and Notification Program Implementation Grants	FDOH	66.472	409,749	
W ater Protection Grants to the States	FDEP	66.474	279,385	201,885
Gulf of Mexico Program	FDACS	66.475	4,500	
Env ironmental Protection–Consolidated Research	FFWCC	66.500	810,656	
Performan ce Partnership Grants	FDACS	66.605	831,218	
Surveys, Studies, Investigations and Special Purpose Grants	FDEP/FDOH/ FFWCC/SU	66.606	953,178	167,507
Training and Fellowships for the Environmental Protection Agency	SU	66.607	65,314	
Env ironmental Information Exchange Network Grant Program	SU	66.608	59,122	
Pollution Prevention Grants Program	FDEP/SU	66.708	72,403	
Capacity Building Grants and Cooperative Agreements for States and Tribes	FDEP/SU	66.709	20,428	
Hazardous Waste Management State Program Support	FDEP/SU	66.801	950,127	
Superfund State, Political Subdivision, and Indian Tribe Site–Specific Cooperative Agreements	FDEP	66.802	3,059,196	
Leaking Underground Storage Tank Trust Fund Program	FDEP	66.805	1,155,394	
Solid Waste Management Assistance	SU	66.808	639	
Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	FDCA	66.810	17,203	
Brow nfield Pilots Cooperative Agreements	FDEP	66.811	77,393	
Env ironmental Education Grants	SCC	66.951	1,844	
Other Federal Awards	FDEP/SU	66.999	68,590	
Subtotal – Direct Programs – Not Clustered			$ 98,689,115	$ 64,927,903
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
National Estuary Program	SU	66.456	67,877	
Env ironmental Protection–Consolidated Research	SU	66.500	682,568	135,397
Senior Environmental Employment Program	SU	66.508	1,100	
Science To Achieve Results (STAR) Program	SU	66.509	50,549	
Training and Fellowships for the Environmental Protection Agency	SU	66.607	10,292	
Hazardou s Waste Management State Program Support	SU	66.801	47,358	
Other Federal Awards	SU	66.999	106,275	
Subtotal – Indirect Programs – Clustered			$ 966,019	$ 135,397
Indirect Programs – Not Clustered (Note 5):				
Gulf of Mexico Program	FDEP	66.475	107,185	
Subtotal – Indirect Programs – Not Clustered			$ 107,185	$
Subtotal – U. S. Environmental Protection Agency			$ 104,694,831	$ 65,977,527
U. S. Department of Energy				
Direct Programs – Clustered:				
Petroleum Violation Escrow Cluster:				
State Energy Program	SU	81.041	409,542	
State Energy Program Special Projects	FDCA	81.119	249,643	199,009
Research and Development Programs Cluster:				
State Energy Program	SU	81.041	24,766	
Office of Science Financial Assistance Program	SU	81.049	7,857,037	145,256
Univ ersity Coal Research	SU	81.057	51,527	
Regional Biomass Energy Programs	SU	81.079	81,670	
Conserv ation Research and Development	SU	81.086	551,854	
Renewable Energy Research and Development	SU	81.087	3,300,108	466,705
Fossil Energy Research and Development	SU	81.089	276,058	
Office of Environmental Cleanup and Acceleration	SU	81.104	2,054,964	757,119
Stew ardship Science Grant Program	SU	81.112	10,456	
University Reactor Infrastructure and Education Support	SU	81.114	459,259	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Energy (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Scien ce and Engineering Training to Support Diversity-Related Programs	SU	81.116	$ 22,840	$
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	SU	81.117	2,635	
State Energy Program Special Projects	SU	81.119	247,646	115,290
Other Federal Awards	SU	81.999	8,567,342	297,982
Subtotal – Direct Programs – Clustered			$ 24,167,347	$ 1,981,361
Direct Programs – Not Clustered:				
State Energy Program	FDCA/FDOC/SU	81.041	1,382,533	665,087
Weatherization Assistance for Low-Income Persons	FDCA/SU	81.042	2,602,956	2,411,066
Conservation Research and Development	FDCA/SU	81.086	382,726	
State Energy Program Special Projects	FDCA	81.119	32,206	26,746
Other Federal Awards	SU	81.999	80,899	
Subtotal – Direct Programs – Not Clustered			$ 4,481,320	$ 3,102,899
Indirect Programs – Clustered (Note 5):				
Petroleum Violation Escrow Cluster:				
State Energy Program	SU	81.041	26,260	
Research and Development Programs Cluster:				
Office of Science Financial Assistance Program	SU	81.049	1,211,564	
Univ ersity Coal Research	SU	81.057	34,563	
Office of Scientific and Technical Information	SU	81.064	251,765	
Management and Technical Assistance for Minority Business Enterprises	SU	81.082	19,995	
Conserv ation Research and Development	SU	81.086	187,566	
Renewable Energy Research and Development	SU	81.087	1,981,739	225,991
Fossil Energy Research and Development	SU	81.089	70,998	17,151
Office of Environmental Cleanup and Acceleration	SU	81.104	204,194	43,677
Scien ce and Engineering Training to Support Diversity-Related Programs	SU	81.116	80,050	
Other Federal Awards	SU	81.999	1,728,984	101,588
Subtotal – Indirect Programs – Clustered			$ 5,797,678	$ 388,407
Indirect Programs – Not Clustered (Note 5):				
Office of Science Financial Assistance Program	SU	81.049	1,649	
Other Federal Awards	SU	81.999	7,879	
Subtotal – Indirect Programs – Not Clustered			$ 9,528	$
Subtotal – U. S. Department of Energy			$ 34,455,873	$ 5,472,667
U. S. Department of Education				
Direct Programs – Clustered:				
Bilingual Education Cluster:				
Bilingual Education-Program Development and Implementation Grants	SCC	84.288	135,653	
Research and Development Programs Cluster:				
Title I Grants to Local Educational Agencies	SU	84.010	19,777	
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	255,078	
Undergraduate International Studies and Foreign Language Programs	SU	84.016	40,645	
Ov erseas–Group Projects Abroad	SU	84.021	122,897	
Fund for the Improvement of Postsecondary Education	SU	84.116	1,191,903	213,735
Rehabilita tion Services–Vocational Rehabilitation Grants to States	SU	84.126	1,192,065	
National Institute on Disability and Rehabilitation Research	SU	84.133	1,538,494	537,713
Bus iness and International Education Projects	SU	84.153	10,218	
Safe and Drug-Free Schools and Communities–National Programs	SU	84.184	51,880	
Safe and Drug-Free Schools and Communities–State Grants	SU	84.186	10,740	
Bilingual Education-Professional Development	SU	84.195	37,144	
Graduate Assistance in Areas of National Need	SU	84.200	2,011	
Fund for the Improvement of Education	SU	84.215	698,937	
Center s for International Business Education	SU	84.220	426,064	
Eisenhow er Professional Development State Grants	SU	84.281	11,962	
Charter Schools	SU	84.282	22,775	14,000
State Grants for Innovative Programs	SU	84.298	199,607	
Educa tion Research, Development and Dissemination	SU	84.305	1,511,618	693,205
E ducation Technology State Grants	SU	84.318	32,194	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Special Education–State Program Improvement Grants for Children with Disabilities	SU	84.323	$ 299,054	$
Special Education–Research and Innovation to Improve Services and Results for Children with Disabilities	SU	84.324	3,160,161	1,029,187
Special Education–Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	1,655,378	496,331
Special Education–Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SU	84.326	9,476	
Child Care Access Means Parents in School	SU	84.335	7,622	
Teacher Quality Enhancement Grants	SU	84.336	65,616	
Learning Anytime Anywhere Partnerships	SU	84.339	573,375	
Other Federal Awards	SU	84.999	121,053	
S pecial Education Cluster:				
Special Education–Grants to States	FDOC/FDOE/FDOH/ FSDB/SCC/SU	84.027	490,542,610	467,302,062
Special Education–Preschool Grants	FDOE/FDOH/FSDB/SU	84.173	23,562,194	23,501,824
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	SCC/SU	84.007	17,911,361	
Federal Family Education Loans (Note 2)	SCC/SU	84.032	663,466,039	
Federal Work-Study Program	SCC/SU	84.033	20,297,187	
Federal Perkins Loan Program–Federal Capital Contributions	SCC/SU	84.038	84,036,217	
Federal Pell Grant Program	SCC/SU	84.063	458,828,839	
Federal Direct Student Loans	SCC/SU	84.268	242,283,900	
T RIO Cluster:				
TRIO–Stud ent Support Services	SCC/SU	84.042	5,549,156	
TRIO–Talent Search	SCC/SU	84.044	2,534,968	
TRIO–Upw ard Bound	SCC/SU	84.047	5,928,143	
TRIO–Edu cational Opportunity Centers	SCC	84.066	1,130,449	
TRIO–McNair Post-Baccalaureate Achievement	SU	84.217	878,260	
Subtotal – Direct Programs – Clustered			$ 2,030,352,720	$ 493,788,057
Direct Programs – Not Clustered:				
Adult Education–State Grant Program	FDOC/FDOE/SCC/SU	84.002	32,601,746	24,364,054
Bilingual Education	SU	84.003	49,821	
Title I Grants to Local Educational Agencies	FDOE/FSDB/SU	84.010	503,556,849	497,453,750
Migrant Education–State Grant Program	FDOE/SU	84.011	24,925,084	22,896,225
Title I Program for Neglected and Delinquent Children	FDOC/FDOE	84.013	1,465,527	378,335
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	717,478	
Undergraduate International Studies and Foreign Language Programs	SU	84.016	52,238	
Inte rnational Research and Studies	SU	84.017	110,896	
Ov erseas–Faculty Research Abroad	SU	84.019	45,595	
Ov erseas–Group Projects Abroad	SU	84.021	21,726	
Ov erseas–Doctoral Dissertation	SU	84.022	46,860	
Special Education Personnel Development and Parent Training	SU	84.029	69,345	
Higher Education–Institutional Aid	SCC/SU	84.031	15,693,099	18,550
Federal Family Education Loans (Note 2)	FDOE	84.032	1,350,562,023	
Perkin s Loan Cancellations	SCC/SU	84.037	864,686	
Vocational Education–Basic Grants to States	FDOC/FDOE/ FSDB/SCC/SU	84.048	57,420,535	35,853,363
Lev eraging Educational Assistance Partnership	FDOE	84.069	2,223,350	
Fund for the Improvement of Postsecondary Education	SCC/SU	84.116	4,518,199	46,651
Minority Science and Engineering Improvement	SCC/SU	84.120	105,545	
Rehabilita tion Services–Vocational Rehabilitation Grants to States	FDOE/SCC	84.126	117,673,029	
Rehabilita tion Services–Service Projects	FDOE	84.128	160,987	
Rehabilita tion Long-Term Training	SU	84.129	570,708	
National Institute on Disability and Rehabilitation Research	SU	84.133	1,252,491	27,400
Migrant Education–High School Equivalency Program	SU	84.141	403,522	
College Housing and Academic Facilities Loans (Value of Loans Outstanding) (Note 2)	SU	84.142	5,959,000	
Migrant Education–College Assistance Migrant Program	SU	84.149	372,724	
Bus iness and International Education Projects	SU	84.153	37,855	
Eisenhower Professional Development-Federal Activities	SU	84.168	450	
Independ ent Living–State Grants	FDOE	84.169	1,016,595	
Jav its Fellowships	SU	84.170	33,897	
Douglas Teacher Scholarships	FDOE	84.176	2,221	
Rehabilita tion Services–Independent Living Services for Older Individuals Who are Blind	FDOE/SCC/SU	84.177	1,972,750	
Special Education–Grants for Infants and Families with Disabilities	FDOE/FDOH/SU	84.181	10,206,320	6,718,191

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Direct Programs – Not Clustered (Continued):				
Safe and Drug-Free Schools and Communities–National Programs	FDOE/SU	84.184	$ 1,561,683	$ 1,376,980
By rd Honors Scholarships	FDOE/SCC/SU	84.185	2,033,043	
Safe and Drug-Free Schools and Communities–State Grants	FDLE/FDOE/FSDB /SU	84.186	24,646,719	23,051,799
Supported Employment Services for Individuals with Severe Disabilities	FDOE	84.187	1,916,688	
Bilingual Education-Professional Development	FDOE/SCC/SU	84.195	3,073,918	268,216
Education for Homeless Children and Youth	FDOE	84.196	1,724,541	1,724,541
Graduate Assistance in Areas of National Need	SU	84.200	432,293	
Star Schools	FDOC/SU	84.203	7,122	
Even Start–State Educational Agencies	FAWI/FDOC/ FDOE/SCC/SU	84.213	9,758,284	7,285,320
Fund for the Improvement of Education	FDOE/SCC/SU	84.215	1,458 ,139	159,393
Center s for International Business Education	SU	84.220	710,946	121,116
Assistiv e Technology	FDOE	84.224	412,812	
Projects with Industry	SCC	84.234	158,658	
Tech-Prep Education	FDOE/SCC	84.243	5,177,915	3,150,446
Rehabilitation Training–State Vocational Rehabilitation Unit In-Service Training	FDOE	84.265	338,707	
Eisenhower Professional Development State Grants	FDOC/FDOE/SU	84.281	5,927,183	5,414,472
Charter Schools	FDOE/SCC/SU	84.282	20,697,583	19,641,714
Ready to Teach	SCC	84.286	34,356	
Twenty-First Century Community Learning Centers	FDOE/SU	84.287	21,285,307	20,429,268
Foreign Language Assistance	FDOE	84.293	49,599	
Ready -To-Learn Television	SU	84.295	21,093	
State Grants for Innovative Programs	FDOC/FDOE/ FSDB/SCC/SU	84.298	19,898,264	17,442,428
Regional Technology in Education Consortia	SU	84.302	8,411	
Educa tion Research, Development and Dissemination	SU	84.305	973,975	
Education Technology State Grants	FDOE/FSDB/SCC/SU	84.318	28,944,086	27,039,542
Special Education–State Program Improvement Grants for Children with Disabilities	FDOE/SU	84.323	1,183,240	7,500
Special Education–Research and Innovation to Improve Services and Results for Children with Disabilities	SU	84.324	359,911	38,000
Special Education–Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	3,824,816	81,020
Special Education–Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	FDOH/SU	84.326	1,986,284	209,179
Adv anced Placement Program	FDOE	84.330	154,395	153,542
Grants to States for Incarcerated Youth Offenders	FDOC	84.331	879,346	
Comprehensive School Reform Demonstration	FDOE	84.332	18,019,487	17,278,761
Gaining Early Awareness and Readiness for Undergraduate Programs	SCC/SU	84.334	4,547,377	1,330,778
Child Care Access Means Parents in School	SCC/SU	84.335	834,419	
Teacher Quality Enhancement Grants	FDOE/SU	84.336	2,107,912	108,000
Reading Excellence	FDOE	84.338	66,888	12,731
Class Size Reduction	FDOE	84.340	12,015,235	12,015,235
Preparing Tomorrows Teachers to Use Technology	SU	84.342	634,388	97,287
TRIO–Disseminatio n Partnership Grants	SU	84.344	107,983	18,500
Vocational Education–Occupational and Employment Information State Grants	FDOE	84.346	153,907	43,901
Title I Accountability Grants	FDOE	84.348	755,443	755,443
Transition to Teaching	FDOE/SCC/SU	84.350	1,127,157	280,293
School Renovation Grants	FDOE	84.352	26,776,106	26,743,298
Tech-Prep Demonstration Grants	SCC	84.353	468,008	
Reading First State Grants	FDOE/SCC/SU	84.357	35,851,404	31,332,428
Ru ral Education	FDOE	84.358	2,457,550	2,308,480
Voluntary Public School Choice	FDOE/SU	84.361	2,558,167	2,243,370
English Language Acquisition Grants	FDOE/FSDB	84.365	25,258,203	24,269,117
Mathemati cs and Science Partnerships	FDOE	84.366	238,549	
Improving Teacher Quality State Grants	FDOE/FSDB/SCC/SU	84.367	108,878 ,642	106,342,195
Grants for State Assessments and Related Activities	FDOE	84.369	13,022,001	
National Writing Project	SU	84.928	11,768	
Other Federal Awards	FDOE/SU	84.999	494,755	
Subtotal – Direct Programs – Not Clustered			$ 2,550,737,817	$ 940,530,812
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	13,422	
Fund for the Improvement of Postsecondary Education	SU	84.116	167,289	452
National Institute on Disability and Rehabilitation Research	SU	84.133	21,093	
Safe and Drug-Free Schools and Communities–National Programs	SU	84.184	17,512	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Indirect Programs – Clustered (Note 5) (Continued):				
Research and Development Programs Cluster (Continued):				
Safe and Drug-Free Schools and Communities–State Grants	SU	84.186	$ 58,422	$
Fund for the Improvement of Education	SU	84.215	59,789	
Regional Technology in Education Consortia	SU	84.302	8,741	
Educa tion Research, Development and Dissemination	SU	84.305	88,889	
Special Education–Research and Innovation to Improve Services and Results for Children with Disabilities	SU	84.324	58,876	
Special Education–Technology and Media Services for Individuals with Disabilities	SU	84.327	12,762	
Comprehensiv e School Reform Demonstration	SU	84.332	290,909	
Preparing Tomorrows Teachers to Use Technology	SU	84.342	1,623	
Voluntary Public School Choice	SU	84.361	1,861	
Other Federal Awards	SU	84.999	105,382	
Subtotal – Indirect Programs – Clustered			$ 906,570	$ 452
Indirect Programs – Not Clustered (Note 5):				
Adult Education–State Grant Program	SCC/SU	84.002	325,602	
Title I Grants to Local Educational Agencies	SU	84.010	226,117	
Higher Education–Institutional Aid	SCC	84.031	374,009	
Vocational Education–Basic Grants to States	SCC	84.048	33,337	
Voca tional Education–National Programs	SCC	84.051	37,978	
Fund for the Improvement of Postsecondary Education	SCC/SU	84.116	204,506	
Rehabilita tion Services–Client Assistance Program	SU	84.161	19,007	
Safe and Drug-Free Schools and Communities–National Programs	SU	84.184	65,872	
Adult Education–National Leadership Activities	SCC	84.191	11,930	
Star Schools	FDOE	84.203	129,243	
Tech-Prep Education	SCC	84.243	172,856	
Goals 2000-State and Local Education Systemic Improvement Grants	SU	84.276	21,154	
Charter Schools	SU	84.282	2,113	
Comprehensiv e Regional Assistance Centers	SU	84.283	97,121	32,290
Ready -To-Learn Television	SCC/SU	84.295	63,251	
Regional Technology in Education Consortia	SU	84.302	56,727	
Technology Innovation Challenge Grants	SCC/SU	84.303	450,567	175,282
Parental Assistance Centers	SU	84.310	236,487	
Educa tion Technology State Grants	SU	84.318	1,137	
Special Education–Research and Innovation to Improve Services and Results for Children with Disabilities	SCC/SU	84.324	92,185	
Special Education–Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	34,597	
Special Education–Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SU	84.326	103,706	
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	SU	84.333	494	
Improv ing Teacher Quality State Grants	SCC	84.367	12,729	
Grants for State Assessments and Related Activities	SU	84.369	34,236	
National Writing Project	SU	84.928	37,771	
Other Federal Awards	SU	84.999	772,137	
Subtotal – Indirect Programs – Not Clustered			$ 3,616,869	$ 207,572
Subtotal – U. S. Department of Education			$ 4,585,613,976	$ 1,434,526,896
National Archives and Records Administration				
Direct Programs – Not Clustered:				
National Historical Publications and Records Grants	FDOS/SU	89.003	77,517	
Subtotal – Direct Programs – Not Clustered			$ 77,517	$
Subtotal – National Archives and Records Administration			$ 77,517	$
U. S. Institute of Peace				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Unsolicited Grant Program	SU	91.001	31,124	
Solici ted Grant Program	SU	91.002	12,602	
Subtotal – Direct Programs – Clustered			$ 43,726	$

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Institute of Peace (Continued)				
Direct Programs – Not Clustered:				
Other Federal Awards	SU	91.999	$ 13,296	$
Subtotal – Direct Programs – Not Clustered			$ 13,296	$
Subtotal – U. S. Institute of Peace			$ 57,022	$
U. S. Department of Health and Human Services				
Direct Programs – Clustered:				
Aging Cluster:				
Special Programs for the Aging–Title III, Part B–Grants for Supportive Services and Senior Centers	FDOEA	93.044	29,340,649	28,795,147
Special Programs for the Aging–Title III, Part C–Nutrition Services FDOEA		93.045	33,971,000	32,155,649
Nutritio n Services Incentive Program	FDOEA	93.053	7,818,358	7,818,358
CCDF - Child Care Cluster:				
Child Care and Development Block Grant	FAWI/FDCFS/SCC	93.575	194,931,640	223,047,959
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	FAWI/SCC	93.596	163,974,127	164,512,543
Consolidated Health Centers Cluster:				
Community Health Centers	FDOH	93.224	1,154,080	
Medicaid Cluster:				
State Medicaid Fraud Control Units	FDLA	93.775	8,868,542	
State Survey and Certification of Health Care Providers and Suppliers	FAHCA/FDOH	93.777	16,154,714	
Medical Assistance Program	FAHCA/FDCFS/ FDOEA/FDOH/SU	93.778	7,944,694,517	24,587,715
Research and Development Programs Cluster:				
Public Health and Social Services Emergency Fund	SU	93.003	47,180	22,500
Special Programs for the Aging–Title IV–and Title II–Discretionary Projects	SU	93.048	474,617	
Food and Drug Administration–Research	SU	93.103	222,020	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	168,397	
Model State-Supported Area Health Education Centers	SU	93.107	168,371	128,456
Maternal and Child Health Federal Consolidated Programs	SU	93.110	967,422	230,358
Biological Response to Environmental Health Hazards	SU	93.113	890,508	306,488
Applied Toxicological Research and Testing	SU	93.114	1,357	
Biometry and Risk Estimation–Health Risks from Environmental Exposures	SU	93.115	193,309	
Oral Diseases and Disorders Research SU		93.121	7,119 ,393	120,293
Primary Care Services–Resource Coordination and Development	SU	93.130	2,979	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	SU	93.135	844,571	156,492
Injury Prevention and Control Research and State and Community Based	SU	93.136	177,483	
NIEHS Superfund Hazardous Substances–Basic Research and Education	SU	93.143	2,016,398	151,216
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	1,698,945	922,954
Rural Health Research Centers	SU	93.155	78,879	
Research Related to Deafness and Communication Disorders	SU	93.173	4,526,209	267,574
Research and Training in Complementary and Alternative Medicine	SU	93.213	480,916	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	910,496	103,909
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	358,672	65,435
National Center on Sleep Disorders Research	SU	93.233	24,786	
Abstinen ce Education	SU	93.235	128,450	
Cooperativ e Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	SU	93.238	69,428	
Policy Research and Evaluation Grants	SU	93.239	678	
Mental Health Research Grants	SU	93.242	6,736,973	488,147
Adv anced Education Nursing Grant Program	SU	93.247	212,172	
Occupational Safety and Health Research Projects	SU	93.262	99,234	
Alcohol National Research Service Awards for Research Training	SU	93.272	18,108	
Alcohol Research Programs	SU	93.273	2,428,567	156,130
Drug Abuse Research Programs	SU	93.279	7,353,895	6,149
Mental Health Research Career/Scientist Development Awards	SU	93.281	442,878	
Mental Health National Research Service Awards for Research Training	SU	93.282	98,646	
Centers for Disease Control and Prevention–Investigations and Technical Assistance	SU	93.283	2,263,972	645,412
Discov ery and Applied Research	SU	93.286	1,445,937	153,181
Preside nts Council on Physical Fitness and Sports	SU	93.289	5,573	
General Clinical Research Centers SU		93.333	2,845,463	1,615,455
Adv anced Education Nursing Traineeships	SU	93.358	74,273	
Nurs ing Research	SU	93.361	3,203,115	270,891
Minority Biomedical Research Support	SU	93.375	2,459,897	50

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
National Center for Research Resources SU		93.389	$ 5,115,988	$ 148,265
Academi c Research Enhancement Award	SU	93.390	404,670	
Cancer Cause and Prevention Research	SU	93.393	1,253,739	33,030
Cancer Detection and Diagnosis Research	SU	93.394	2,084,247	772,701
Cancer Treatment Research	SU	93.395	6,477,889	1,327,650
Cancer Biology Research	SU	93.396	4,265,655	91,284
Cancer Centers Support Grants	SU	93.397	2,618,006	522,616
Cancer Research Manpower	SU	93.398	918,868	
Cancer Control	SU	93.399	1,593,589	536,777
Promoting Safe and Stable Families	SU	93.556	351,266	
Temporary Assistance for Needy Families	SU	93.558	1,010,463	647,969
Refugee and Entrant Assistance–State Administered Programs	SU	93.566	171,829	11,687
Community Services Block Grant–Discretionary Awards	SU	93.570	94,603	
Community -Based Family Resource and Support Grants	SU	93.590	49,704	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	106	
Children's Justice Grants to States	SU	93.643	206,390	
Social Services Research and Demonstration	SU	93.647	15,546	
Foster Care–Title IV-E	SU	93.658	1,659,766	
State Children's Insurance Program	SU	93.767	3,280	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	SU	93.779	53,661	
Heart and Vascular Diseases Research SU		93.837	10,032,306	88,918
Lung Diseases Research	SU	93.838	4,030,996	11,318
Blood Diseases and Resources Research	SU	93.839	2,159,057	65,203
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	2,836,694	251,537
Diabete s, Endocrinology and Metabolism Research	SU	93.847	5,317,622	89,114
Digestiv e Diseases and Nutrition Research	SU	93.848	2,624,677	22,627
Kidney Diseases, Urology and Hematology Research	SU	93.849	4,647,435	15,710
Ex tramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	9,407,768	330,921
Allergy , Immunology and Transplantation Research	SU	93.855	3,797,782	249,708
Microbiology and Infectious Diseases Research	SU	93.856	10,778,121	512,061
Biomedical Research and Research Training SU		93.859	10,164,665	1,126,626
Child Health and Human Development Extramural Research	SU	93.865	6,510,436	316,619
Aging Research	SU	93.866	6,222,683	1,121,420
Vision Research	SU	93.867	7,672,117	1,367,390
Medical Library Assistance	SU	93.879	261,521	
Minority Access to Research Careers	SU	93.880	71,749	
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	18,629	
Grants for Nurse Anesthetist Faculty Fellowships	SU	93.907	63,550	
Family and Community Violence Prevention Program	SU	93.910	59,799	
HIV Care Formula Grants	SU	93.917	54,828	
Healthy Start Initiative	SU	93.926	1,294,682	388,332
HIV Prevention Activities–Health Department Based	SU	93.940	135,870	
Research, Treatment and Education Programs on Lyme Disease in the United States	SU	93.942	88,970	76,276
Assistan ce Programs for Chronic Disease Prevention and Control	SU	93.945	1,197,818	271,542
Block Grants for Community Mental Health Services	SU	93.958	51,250	
Block Grants for Prevention and Treatment of Substance Abuse	SU	93.959	104,913	65,200
Public Health Traineeships	SU	93.964	8,109	
Prev entive Health Services–Sexually Transmitted Diseases Control Grants	SU	93.977	49,830	
Inte rnational Research and Research Training	SU	93.989	125,102	49,458
Other Federal Awards	SU	93.999	3,252,536	617,189
Student Financial Aid Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	SU	93.342	4,241,166	
Nursing Student Loans	SCC/SU	93.364	136,158	
Scholarships for Students of Exceptional Financial Need	SU	93.820	728	
Scholar ships for Health Professions Students from Disadvantaged Backgrounds	SCC/SU	93.925	2,419,953	
Subtotal – Direct Programs – Clustered			$ 8,580,356,579	$ 497,857,609
Direct Programs – Not Clustered:				
Public Health and Social Services Emergency Fund	FDOH/SCC	93.003	2,283,261	1,867,841
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	FDOH	93.006	346,951	
Medical Reserve Corps Small Grant Program	FDOH	93.008	117,256	
Special Programs for the Aging–Title VII, Chapter 3–Programs for Prevention of Elder Abuse, Neglect, and Exploitation	FDOEA	93.041	488,290	238,350

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Not Clustered (Continued):				
Special Programs for the Aging–Title VII, Chapter 2–Long Term Care Ombudsman Services for Older Individuals	FDOEA	93.042	$ 861,683	$ 52,496
Special Programs for the Aging–Title III, Part D–Disease Prevention and Health Promotion Services	FDOEA	93.043	1,641,525	1,556,028
Special Programs for the Aging–Title IV–and Title II–Discretionary Projects	FDOEA/SCC/SU	93.048	920,622	146,810
Alzheimers Disease Demonstration Grants to States	FDOEA	93.051	344,778	127,970
National Family Caregiver Support	FDOEA	93.052	12,006,927	9,990,351
Health Disparities in Minority Health	SU	93.100	5,000,000	
Food and Drug Administration–Research	FDACS/FDOH	93.103	101,822	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	FDCFS	93.104	1,086,629	341,086
Model State-Supported Area Health Education Centers	SU	93.107	377,886	326,692
Maternal and Child Health Federal Consolidated Programs	FDOH/SU	93.110	1,130,416	
Adolescent Family Life Research Grants	SU	93.111	121,322	
Biological Response to Environmental Health Hazards	SU	93.113	273,361	
Applied Toxicological Research and Testing	SU	93.114	165	
Biometry and Risk Estimation–Health Risks from Environmental Exposures	FDOH	93.115	125,334	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	FDOC/FDOH/SU	93.116	6,363,174	
Oral Diseases and Disorders Research	SU	93.121	288,835	
Nurse Anesthetist Traineeships	SU	93.124	18,175	
Emergency Medical Services for Children	FDOH	93.127	98,791	78,667
Primary Care Services–Resource Coordination and Development	FDOH	93.130	342,371	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	FDOH	93.135	45,020	
Injury Prevention and Control Research and State and Community Based	FDOH/SU	93.136	3,196,509	1,985,521
AIDS Education and Training Centers SU		93.145	2,725,633	1,056,793
Projects for Assistance in Transition from Homelessness (PATH)	FDCFS/SU	93.150	2,610,562	2,466,791
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	422,131	102,433
Center s of Excellence	SU	93.157	795,493	
Research Related to Deafness and Communication Disorders	SU	93.173	57,352	
Nursing Workforce Diversity	SCC/SU	93.178	483,898	
Allied Health Special Projects	SU	93.191	727,209	31,913
Quentin N. Burdick Programs for Rural Interdisciplinary Training	SU	93.192	296,314	
Childhood Lead Poisoning Prevention Projects–State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	FDOH	93.197	913,261	
Research and Training in Complementary and Alternative Medicine	SU	93.213	203,574	
Family Planning–Services	FDOH	93.217	9,584,086	784,423
National Research Service Awards–Health Services Research Training	SU	93.225	1,327	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	35,840	
Consolidated Knowledge Development and Application (KD&A) Program	FDCFS/SU	93.230	262,604	
Traumatic Brain Injury–State Demonstration Grant Program	FDOH	93.234	120,000	120,000
Abstinen ce Education	FDOH	93.235	2,353,485	1,438,216
Grants for Dental Public Health Residency Training	SU	93.236	27,251	
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	SU	93.238	788,577	
State Capacity Building	FDOH	93.240	563,703	
State Rural Hospital Flexibility Program	FDOH	93.241	309,571	
Mental Health Research Grants	SU	93.242	16,292	
Substance Abuse and Mental Health Services–Projects of Regional and National Significance	FDCFS	93.243	301,377	
Innovative Food Safety Projects	FDACS	93.245	110,562	
Adv anced Education Nursing Grant Program	SU	93.247	1,539,770	
Universal Newborn Hearing Screening	FDOH	93.251	59,844	30,000
Healthy Community Access Program	FDOH	93.252	1,061,284	
Poison Control Stabilization and Enhancement Grants	SU	93.253	381,311	246,932
State Planning Grant–Health Care Access for the Uninsured	FAHCA	93.256	500,000	
Rural Access to Emergency Devices Grant	FDOH	93.259	52,951	
Occupational Safety and Health Research Projects	FDOH	93.262	31,487	
Occupational Safety and Health–Training Grants	SU	93.263	1,014,011	
Nurse Faculty Loan Program (NFLP)	SU	93.264	48,689	
Immuniza tion Grants*	FDOH/SCC	93.268	58,891,812	41,156,491
Alcohol National Research Service Awards for Research Training	SU	93.272	121,869	
Alcohol Research Programs	SU	93.273	621,737	
Drug Abuse Research Programs	SU	93.279	102,950	
Mental Health Research Career/Scientist Development Awards	SU	93.281	288,946	
Mental Health National Research Service Awards for Research Training	SU	93.282	203,446	
Centers for Disease Control and Prevention–Investigations and Technical Assistance	FDACS/FDOE/FDOH/ FFWCC/SCC/SU	93.283	41,258 ,870	86,875
Small Rural Hospital Improvement Grants	FDOH	93.301	175,104	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Not Clustered (Continued):				
Advanced Education Nursing Traineeships	SU	93.358	$ 461,596	$
Nurse Education, Practice and Retention Grants	SU	93.359	868,892	
Nurs ing Research	SU	93.361	108,649	
Minority Biomedical Research Support	SU	93.375	119,624	
National Center for Research Resources	SU	93.389	343,645	
Academi c Research Enhancement Award	SU	93.390	47,947	
Cancer Cause and Prevention Research	SU	93.393	33,740	
Cancer Research Manpower	SU	93.398	777,720	30,046
Promoting Safe and Stable Families	FDCFS/SU	93.556	17,635,305	14,718,039
Temporary Assistance for Needy Families	FAWI/FDCFS/FDLE/ FDMA/FDOH/SCC/SU	93.558	521,620 ,986	346,122,815
Job Opportunities and Basic Skills Training	FDOE	93.561	235,275	
Child Support Enforcement Courts/FDOR/JAC		93.563	175,026,497	21,784,515
Refugee and Entrant Assistance–State Administered Programs	FAHCA/FDCFS/ SCC/SU	93.566	53,402,319	15,715,144
Low -Income Home Energy Assistance	FDCA/FDOEA	93.568	21,154,704	20,927,248
Community Services Block Grant	FDCA	93.569	18,165,371	17,677,668
Community Services Block Grant–Discretionary Awards	FDCA	93.570	1,937	1,937
Community Services Block Grant Discretionary Awards–Community Food and Nutrition	FDCA/SU	93.571	212,522	201,231
Refugee and Entrant Assistance–Discretionary Grants	FDCFS/FDOH/SU	93.576	21,733 ,475	18,019,236
U.S. Repatriation	FDCFS	93.579	90,319	
Refugee and Entrant Assistance–Targeted Assistance Grants	FDCFS	93.584	13,251 ,003	11,932,983
Empow erment Zones Program	FDCA	93.585	520,366	520,366
State Court Improvement Program	Courts	93.586	474,799	
Community -Based Family Resource and Support Grants	FDCFS/FDOH	93.590	1,612,449	759,368
Grants to States for Access and Visitation Programs	FDCFS/SU	93.597	447,044	398,294
Chafee Education and Training Vouchers Program (ETV)	FDCFS	93.599	697,181	159,737
Head Start	SU	93.600	1,012,276	199,797
Adoption Incentive Payments	FDCFS	93.603	120,618	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	73,557	
Children's Justice Grants to States	FDCFS	93.643	872,043	
Child Welfare Services–State Grants	FDCFS	93.645	14,594,438	11,699,754
Adoption Opportunities	FDCFS	93.652	54,396	40,442
Foster Care–Title IV-E	FDCFS/FDJJ/SU	93.658	121,653,220	61,217,721
Adoption Assistance	FDCFS	93.659	49,803,161	18,734,038
Social Services Block Grant	FAWI/FDCFS/FDJJ/ FDOH/SCC/SU	93.667	159,437,558	44,312,375
Child Abuse and Neglect State Grants	FDCFS	93.669	1,776,805	1,599,107
Family Violence Prevention and Services/Grants for Battered Women's Shelters–Grants to States and Indian Tribes	FDCFS	93.671	4,193 ,423	4,104,928
Chafee Foster Care Independent Living	FDCFS/SU	93.674	12,684,422	7,363,484
State Children's Insurance Program	FAHCA/FDCFS/ FDOH/SU	93.767	313,216,181	234,301,736
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	FAHCA/FDCFS/FDMS/ FDOEA/FDOH/SU	93.779	1,999,261	388,942
Health Careers Opportunity Program	SCC/SU	93.822	769,218	
Basic/Core Area Health Education Centers	SU	93.824	181,198	142,641
Heart and Vascular Diseases Research	SU	93.837	476,833	
Lung Diseases Research	SU	93.838	185,140	
Blood Diseases and Resources Research	SU	93.839	234,794	
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	54,693	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	69,444	
Digestive Diseases and Nutrition Research	SU	93.848	156,596	
Kidney Diseases, Urology and Hematology Research	SU	93.849	250,588	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	131,236	
Microbiology and Infectious Diseases Research	SU	93.856	250,671	
Biomedical Research and Research Training	SU	93.859	411,253	
Child Health and Human Development Extramural Research	SCC/SU	93.865	256,975	
Aging Research	SU	93.866	407,508	
Vision Research	SU	93.867	216,545	
Medical Library Assistance	SU	93.879	765	
Minority Access to Research Careers	SU	93.880	199,613	
Grants for Residency Training in Primary Care Medicine and Dentistry	SU	93.884	712,487	
Health Care and Other Facilities	SU	93.887	50,242	
Grants to States for Operation of Offices of Rural Health	FDOH	93.913	123,935	72,000
HIV Care Formula Grants	FDOC/FDOH	93.917	103,743,029	31,292,686
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	FDOH/SU	93.918	2,686,386	15,605
Healthy Start Initiative	FDOH/SU	93.926	2,015,802	189,969

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Not Clustered (Continued):				
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	FDOE/FDOH/SU	93.938	$ 389,624	$
HIV Prevention Activities–Health Department Based	FDOC/FDOH/SU	93.940	21,378,317	6,257,761
HIV Demonstration, Research, Public and Professional Education Projects	FDOC/FDOH	93.941	1,113,911	171,134
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	FDOH	93.944	4,278,664	908,138
Assistance Programs for Chronic Disease Prevention and Control	FDOH/SCC/SU	93.945	1,529,226	
Improving EMS/Trauma Care in Rural Areas	FDOH	93.952	18,789	
Block Grants for Community Mental Health Services	FDCFS/SU	93.958	35,807,427	32,909,337
Block Grants for Prevention and Treatment of Substance Abuse	FDCFS/SCC/SU	93.959	117,601,988	108,502,759
Health Administration Traineeships and Special Projects Program	SU	93.962	15,979	
Public Health Traineeships	SU	93.964	37,617	
Geriatric Education Centers	SU	93.969	327,096	
Health Professions Recruitment Program for Indians	SU	93.970	10,522	
Preventive Health Services–Sexually Transmitted Diseases Control Grants	FDOH/SU	93.977	4,590,220	307,731
Preventive Health Services–Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	FDOH	93.978	215,574	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	FDOH/SCC	93.988	836,958	
Preventive Health and Health Services Block Grant	FDOH/SCC/SU	93.991	3,823,157	427,750
Maternal and Child Health Services Block Grant to the States	FDOH/SU	93.994	21,284,033	10,644,069
Bioterrorism Training and Curriculum Development Program	SU	93.996	680	
Other Federal Awards	SU	93.999	183,797	
Subtotal – Direct Programs – Not Clustered			$ 2,025,208,540	$ 1,109,005,210
Indirect Programs – Clustered (Note 5):				
Aging Cluster:				
Special Programs for the Aging–Title III, Part C–Nutrition Services	SU	93.045	96,422	
CCDF - Child Care Cluster:				
Child Care and Development Block Grant	SU	93.575	5,284	
Consolidated Health Centers Cluster:				
Health Center Grants for Homeless Populations	SU	93.151	35,664	
Research and Development Programs Cluster:				
Civil Rights and Privacy Rule Compliance Activities	SU	93.001	57,230	
Cooperative Agreements to Improve the Health Status of Minority Populations	SU	93.004	70,789	42,656
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	SU	93.006	37,607	
Special Programs for the Aging–Title IV–and Title II–Discretionary Projects	SU	93.048	41,787	
National Family Caregiver Support	SU	93.052	96,649	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	16,156	
Maternal and Child Health Federal Consolidated Programs	SU	93.110	5,807	
Biological Response to Environmental Health Hazards	SU	93.113	13,359	
Oral Diseases and Disorders Research	SU	93.121	354,897	
Nurse Anesthetist Traineeships	SU	93.124	1,016	
Mental Health Planning and Demonstration Projects	SU	93.125	386,996	
Grants to Increase Organ Donations	SU	93.134	106,158	
Community Programs to Improve Minority Health Grant Program	SU	93.137	12,575	
AIDS Education and Training Centers	SU	93.145	2,090,828	
Rural Health Research Centers	SU	93.155	9,362	
Health Program for Toxic Substances and Disease Registry	SU	93.161	167,152	
Human Genome Research	SU	93.172	682,288	
Research Related to Deafness and Communication Disorders	SU	93.173	24,470	
Special Project Grants to Schools of Public Health	SU	93.188	295	
Allied Health Special Projects	SU	93.191	4,045	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	47,036	
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	142,918	17,250
Mental Health Research Grants	SU	93.242	388,316	
Substance Abuse and Mental Health Services–Projects of Regional and National Significance	SU	93.243	232,915	
Mental Health Clinical and AIDS Service-Related Training Grants	SU	93.244	3,222	
Healthy Community Access Program	SU	93.252	17,747	
Occupational Safety and Health Research Projects	SU	93.262	55,948	
Drug Abuse Research Programs	SU	93.279	364,153	
Centers for Disease Control and Prevention–Investigations and Technical Assistance	SU	93.283	907,842	328,626
Discovery and Applied Research	SU	93.286	267,687	
Nursing Research	SU	93.361	3,713	
National Center for Research Resources	SU	93.389	198,790	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Indirect Programs – Clustered (Note 5) (Continued):				
Research and Development Programs Cluster (Continued):				
Cancer Cause and Prevention Research	SU	93.393	$ 190,042	$ 90
Cancer Detection and Diagnosis Research	SU	93.394	659,462	
Cancer Treatment Research	SU	93.395	839,898	229,176
Cancer Biology Research	SU	93.396	14,612	
Cancer Centers Support Grants	SU	93.397	11,424	
Cancer Research Manpower	SU	93.398	12,953	
Cancer Control	SU	93.399	43,457	
Dev elopmental Disabilities Basic Support and Advocacy Grants	SU	93.630	71,685	5,830
Foster Care–Title IV-E	SU	93.658	673	
Family Violence Prevention and Services/Grants for Battered Women's Shelters–Grants to States and Indian Tribes	SU	93.671	337,989	
Biophy sics and Physiological Sciences	SU	93.821	101,380	
Basic/Core Area Health Education Centers	SU	93.824	21	
Heart and Vascular Diseases Research	SU	93.837	88,715	
Lung Diseases Research	SU	93.838	693,140	34,897
Blood Diseases and Resources Research	SU	93.839	222,025	
Arthri tis, Musculoskeletal and Skin Diseases Research	SU	93.846	115,714	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	728,370	
Digestive Diseases and Nutrition Research	SU	93.848	90,905	
Kidney Diseases, Urology and Hematology Research	SU	93.849	91,523	
Ex tramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	745,343	
Allergy, Immunology and Transplantation Research	SU	93.855	396,223	
Microbiology and Infectious Diseases Research	SU	93.856	253,558	
Biomedical Research and Research Training	SU	93.859	813,796	
Child Health and Human Development Extramural Research	SU	93.865	1,380,459	
Aging Research	SU	93.866	474,646	28,971
Vision Research	SU	93.867	247,850	51,933
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	83,398	
Family and Community Violence Prevention Program	SU	93.910	181,279	
HIV Emergency Relief Project Grants	SU	93.914	219,706	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	SU	93.938	112,103	
Block Grants for Community Mental Health Services	SU	93.958	245,352	
Block Grants for Prevention and Treatment of Substance Abuse	SU	93.959	46,656	
Mental Health Disaster Assistance and Emergency Mental Health	SU	93.982	4,839	
Preventive Health and Health Services Block Grant	SU	93.991	16,656	
Other Federal Awards	SU	93.999	2,802,700	
Subtotal – Indirect Programs – Clustered			$ 19,285,675	$ 739,429
Indirect Programs – Not Clustered (Note 5):				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	SU	93.006	47,011	
National Family Caregiver Support	SU	93.052	137,617	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	310,048	7,338
Model State-Supported Area Health Education Centers	SU	93.107	2,493	
Primary Care Services–Resource Coordination and Development	FDOH	93.130	1,692,894	
Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds	SU	93.187	17,123	
Special Project Grants to Schools of Public Health	SU	93.188	804,784	
Health Education and Training Centers	SU	93.189	277,592	207,497
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	82,201	
Mental Health Research Grants	SU	93.242	61,272	
Healthy Community Access Program	FDOH/SU	93.252	203,490	
Mental Health National Research Service Awards for Research Training	SU	93.282	47,982	
Centers for Disease Control and Prevention–Investigations and Technical Assistance	SU	93.283	151,496	3,000
Cancer Cause and Prevention Research	SU	93.393	35,312	
Promoting Safe and Stable Families	SU	93.556	312,930	
Temporary Assistance for Needy Families SCC/SU		93.558	3,234,393	
Community Services Block Grant–Discretionary Awards	SCC/SU	93.570	184,668	
Child Care for Families At-Risk of Welfare Dependency	SCC	93.574	196,329	
Refugee and Entrant Assistance–Discretionary Grants	SU	93.576	1,442	
Early Learning Fund	SCC/SU	93.577	39,743	
Head Start	SU	93.600	102,559	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	484,036	51,000
Child Welfare Services Training Grants	SU	93.648	3,135	
Foster Care–Title IV-E	SU	93.658	66,817	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Indirect Programs – Not Clustered (Note 5) (Continued):				
Allergy, Immunology and Transplantation Research	SU	93.855	$ 1,671	$
Biomedical Research and Research Training	SCC/SU	93.859	31,990	
Child Health and Human Development Extramural Research	SU	93.865	7,504	
Medical Library Assistance	SU	93.879	5,032	
Family and Community Violence Prevention Program	FDOH/SU	93.910	165,506	
HIV Emergency Relief Project Grants	FDOH	93.914	2,939,564	
HIV Care Formula Grants	SU	93.917	3,265	
Healthy Start Initiative	FDOH/SU	93.926	130,454	
Block Grants for Community Mental Health Services	SU	93.958	44,213	1,000
Geriatr ic Education Centers	SU	93.969	9,975	
Preventive Health and Health Services Block Grant	SU	93.991	1,142	
Other Federal Awards	SU	93.999	199,200	
Subtotal – Indirect Programs – Not Clustered			$ 12,036,883	$ 269,835
Subtotal – U. S. Department of Health and Human Services			$ 10,636,887,677	$ 1,607,872,083
U. S. Corporation for National and Community Service				
Direct Programs – Clustered:				
Foster Grandparent/Senior Companion Cluster:				
Senior Companion Program	FDOEA	94.016	328,716	245,683
Research and Development Programs Cluster:				
Learn and Serve America–School and Community Based Programs	SU	94.004	10,333	
Subtotal – Direct Programs – Clustered			$ 339,049	$ 245,683
Direct Programs – Not Clustered:				
Retired and Senior Volunteer Program	SCC	94.002	60,694	
Learn and Serve America–School and Community Based Programs	FDOE/SCC/SU	94.004	1,478,748	932,147
AmeriCorps	FDOEA/SCC/SU	94.006	983,285	466,442
Volunteers in Service to America	SU	94.013	218,847	
Other Federal Awards	SU	94.999	2,464	
Subtotal – Direct Programs – Not Clustered			$ 2,744,038	$ 1,398,589
Indirect Programs – Not Clustered (Note 5):				
Learn and Serve America–Higher Education	SCC/SU	94.005	35,420	
AmeriCorps	FDEP/FDOEA/SU	94.006	658,908	65,258
Other Federal Awards	SU	94.999	564	
Subtotal – Indirect Programs – Not Clustered			$ 694,892	$ 65,258
Subtotal – U. S. Corporation for National and Community Service			$ 3,777,979	$ 1,709,530
U. S. Social Security Administration				
Direct Programs – Clustered:				
D isability Insurance/SSI Cluster:				
Social Security–Disability Insurance	FDLE/FDOH	96.001	87,362,481	
Subtotal – Direct Programs – Clustered			$ 87,362,481	$
Direct Programs – Not Clustered:				
Social Security–Research and Demonstration	FDOH	96.007	830,767	
Subtotal – Direct Programs – Not Clustered			$ 830,767	$
Subtotal – U. S. Social Security Administration			$ 88,193,248	$
U. S. Department of Homeland Security				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Secre t Service–Training Activities	SU	97.015	20,484	
Hazard Mitigation Grant	SU	97.039	681,533	4,142
Pre-Disa ster Mitigation	SU	97.047	17,654	
Other Federal Awards	SU	97.999	691,009	68,074
Subtotal – Direct Programs – Clustered			$ 1,410,680	$ 72,216

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Department of Homeland Security (Continued)				
Direct Programs – Not Clustered:				
One-Time Projects	FDCA	97.001	$ 3,613,063	$ 3,161,331
State Domestic Preparedness Equipment Support Program	FDACS/FDCA/FDF S/ FDHSMV/FDLE/FDMS/ FDOE/FFWCC	97.004	33,016,495	2,327,423
State and Local Homeland Security Training Program	SCC	97.005	1,200	
Homeland Security Preparedness Technical Assistance	SCC	97.007	1,681,911	
Boating Safety Financial Assistance	FFWCC	97.012	3,607,460	
Community Assistance Program State Support Services Element (CAP-SSSE)	FDCA	97.023	288,108	
Flood Mitigation Assistance	FDCA	97.029	4,408,618	4,283,959
Disaster Unemployment Assistance	FAWI	97.034	4,332	
Public Assistance Grants	FDCA/FDEP/ FDOT/FFWCC	97.036	112,056,679	108,271,224
Hazard Mitigation Grant	FDCA/FDOE/SU	97.039	26,910,491	23,898,532
Emergency Management Performance Grants	FDCA	97.042	6,260,274	2,334,591
Fire Management Assistance Grant	FDACS/FDCA	97.046	85,043	
Pre-Disaster Mitigation	FDCA/SU	97.047	195,937	152,435
State and Local All Hazards Emergency Operations Planning	FDCA/SU	97.051	4,838,462	4,274,657
Emergency Operations Centers	FDCA	97.052	90,302	
Citizen Corps	FDCA/SCC	97.053	163,525	158,494
Community Emergency Response Teams	FDCA	97.054	1,056,511	859,141
Other Federal Awards	SU	97.999	3,423	
Subtotal – Direct Programs – Not Clustered			$ 198,281,834	$ 149,721,787
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Hazard Mitigation Grant	SU	97.039	156,344	
Subtotal – Indirect Programs – Clustered			$ 156,344	$
Indirect Programs – Not Clustered (Note 5):				
Hazard Mitigation Grant	SU	97.039	5,000	
Subtotal – Indirect Programs – Not Clustered			$ 5,000	$
Subtotal – U. S. Department of Homeland Security			$ 199,853,858	$ 149,794,003
U. S. Agency for International Development				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
John Ogonowski Farmer-to-Farmer Program	SU	98.009	83,291	
Other Federal Awards	SU	98.999	1,308,023	70,888
Subtotal – Direct Programs – Clustered			$ 1,391,314	$ 70,888
Direct Programs – Not Clustered:				
Cooperative Development Program (CDP)	SU	98.002	59,918	
Other Federal Awards	SU	98.999	228,764	
Subtotal – Direct Programs – Not Clustered			$ 288,682	$
Indirect Programs – Clustered (Note 5):				
Research and Development Programs Cluster:				
Other Federal Awards	SU	98.999	636,197	117,501
Subtotal – Indirect Programs – Clustered			$ 636,197	$ 117,501

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2003-2004 EXPENDITURES	2003-2004 TRANSFER TO SUBRECIPIENTS
U. S. Agency for International Development (Continued)				
Indirect Programs – Not Clustered (Note 5):				
Other Federal Awards	SCC/SU	98.999	$ 323,378	$
Subtotal – Indirect Programs – Not Clustered			$ 323,378	$
Subtotal – U. S. Agency for International Development			$ 2,639,571	$ 188,389
Direct Total Federal Awards Expenditures			$ 21,808,228,071	$ 4,653,969,457
Indirect Total Federal Awards Expenditures			$ 79,011,033	$ 2,720,530
Total Federal Awards Expenditures			**$ 21,887,239,104**	**$ 4,656,689,987**

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

*Includes Noncash Assistance

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2004

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards has been prepared in accordance with the United States Office of Management and Budget (OMB) Circular A-133 and presents Federal awards expended by the State of Florida. The Single Audit Act Amendments of 1996 (Public Law 104-156) and the OMB Circular A-133 define Federal awards as Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. Federal financial assistance is defined as assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance.

The following summary of the State of Florida's significant accounting policies and related information is presented to assist the reader in interpreting the Schedule of Expenditures of Federal Awards and should be viewed as an integral part of the accompanying schedule.

Reporting Entity

The reporting entity for the purposes of the accompanying schedule is the State of Florida primary government, the State Universities, and the State Community Colleges.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance is a government-wide compendium of individual Federal programs. A five-digit program identification number (CFDA No.) is assigned to each program included in the catalog. Those programs that have not been assigned a CFDA number by the Federal Government and those programs for which CFDA numbers could not be identified are included in the category "Other Federal Awards" on the accompanying schedule. In those instances in which CFDA numbers were not assigned or identified, other Federal identification numbers are included on the accompanying schedule to the extent such numbers were assigned by the Federal grantor agency and identified.

Expenditures

The column on the accompanying schedule captioned "Expenditures" includes amounts using different bases of accounting.

Amounts reported on the accompanying schedule consist of amounts expended from Federal programs by those entities determined in accordance with the modified accrual basis of accounting except for amounts for the Unemployment Insurance (UI) Program (CFDA No. 17.225) and the Federal Family Education Loans (FFEL) Program (CFDA No. 84.032). Expenditures for the UI Program and payments to lenders under the FFEL Program are reported using the accrual basis of accounting. Therefore, these amounts are consistent with the related presentations in the State of Florida's basic financial statements. Other amounts required to be reported for the FFEL Program are described in Note 2.

Expenditures reported for the State Universities (SU) and the State Community Colleges (SCC) consist of amounts expended from Federal programs by the applicable institutions determined in accordance with the cash basis of accounting and the cost accounting principles contained in OMB Circular No. A-21, *Cost Principles for Educational Institutions*. Therefore, these amounts may differ from the basis of presentation (i.e., accrual basis) of the related amounts on the State of Florida's basic financial statements.

Appropriate adjustments have been made to the expenditures reported on the accompanying schedule to preclude reporting both the transfers of Federal awards pursuant to subrecipient relationships between the various State agencies, universities, and community colleges, and the subsequent expenditures.

Transfers to Subrecipients Column

The column on the accompanying schedule captioned "Transfers to Subrecipients" represents the amounts transferred by the State agencies, universities, and community colleges to subrecipients that are not included in the State's Schedule of Expenditures of Federal Awards. The amounts in this column are also included in the column captioned "Expenditures". Transfers between the State agencies, universities, and community colleges pursuant to subrecipient relationships are not included in this column.

Administering Agency

The agencies and institutions reported as the administering agencies on the accompanying schedule represent the entities that expended and/or administered the respective Federal awards programs.

Noncash Assistance

The State participates in several Federal awards programs in which noncash benefits are provided through the State to

eligible program participants. The programs that report noncash benefits [e.g., food stamps (CFDA No. 10.551), food donation (CFDA No. 10.550), food commodities (CFDA No. 10.569), immunization grants (CFDA No. 93.268), and surplus property (CFDA No. 39.003)] are identified on the accompanying schedule by an asterisk next to the applicable grantor/program. The State distributed vaccine valued at $57 million during the fiscal year. The State uses the Electronic Benefit Transfer system to issue food stamp benefits (CFDA No. 10.551) to eligible recipients.

NOTE 2. LOANS AND LOAN GUARANTEES

The State of Florida participates in several Federal loan programs in which funds are provided through the State to eligible program participants. Current year loan disbursements or the value of loans outstanding for loan programs administered by the SU and SCC are shown on the accompanying schedule. The loan programs administered by State agencies are shown below:

State Infrastructure Bank (CFDA No. 20.205)

The Federal State Infrastructure Bank (SIB) for the Highway Planning and Construction Program (CFDA No. 20.205) is an investment fund from which loans and other forms of credit assistance are provided for highway construction, transit capital, or other surface transportation projects. The Federal share (80 percent) of SIB disbursements made during the 2003-04 fiscal year totaled $12,373,502. This amount is included on the accompanying schedule with other expenditures from the Highway Planning and Construction Program. The balance of SIB loans outstanding at June 30, 2004, totaled $91,696,733.

Capitalization Grants for Clean Water State Revolving Funds (CFDA No. 66.458)

A revolving loan trust fund is used by the State to provide loans to eligible recipients for the construction of wastewater treatment facilities and implementation of other water quality management activities. The current year activity is shown on the accompanying schedule. The value of loans outstanding at June 30, 2004, totaled $961,080,507 of which $509,894,359 is pledged to the Florida Water Pollution Control Financing Corporation (Corporation). The Corporation was created pursuant to State law for the purpose of financing or refinancing water pollution control projects and other activities in the State. The Corporation issued debt obligations that were secured by loan repayments and related interest from loans pledged to it from the revolving loan trust fund accounts.

Capitalization Grants for Drinking Water State Revolving Funds (CFDA No. 66.468)

A revolving loan trust fund is used by the State to provide loans to eligible recipients for infrastructure improvements to drinking water systems and for other eligible activities. The current year activity is shown on the accompanying schedule and the value of loans outstanding at June 30, 2004, totaled $184,037,864.

Federal Family Education Loans (CFDA No. 84.032)

Under the Federal Family Education Loans (FFEL) Program, the U.S. Department of Education guarantees the repayment of loans made to students by participating financial institutions. The Florida Department of Education administers the FFEL Program (CFDA No. 84.032) for the State. During the 2003-04 fiscal year, payments made to lenders to cover student loans in default totaled $128,378,683 and the value of new loan guarantees made totaled $1,222,183,340 and are shown on one line on the accompanying schedule. The value of new loan guarantees represents actual loans guaranteed and disbursed during the 2003-04 fiscal year. The value of loan guarantees outstanding at June 30, 2004, totaled $4,972,598,812.

NOTE 3. UNEMPLOYMENT INSURANCE

The Unemployment Insurance (UI) Program (CFDA No. 17.225) is a unique Federal-State partnership, founded upon Federal law but implemented primarily through State law. Pursuant to this Program, unemployment benefits are paid to eligible unemployed workers for periods of involuntary unemployment. Benefits are paid from Federal funds and from State unemployment taxes that are deposited into the State's account in the Federal Unemployment Trust Fund (FUTF). The State's administrative expenditures incurred under this Program are funded by Federal grants. Expenditures reported on the accompanying schedule for the UI Program include those made from Federal funds of $308,661,571 and State funds of $1,086,124,123 disbursed during the 2003-04 fiscal year from the State's account in the FUTF. Federal funds expended included $218,029,290 related to the State's participation in the Temporary Extended Unemployment Compensation Act of 2002.

NOTE 4. JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003

The State received the distribution of Jobs and Growth Tax Relief Funds of $543,484,155 during the 2003-04 fiscal year. Federal funds of $310,000,000 (CFDA No. 21.000) were disbursed to Scripps Florida Funding Corporation pursuant to Section 288.955, Florida Statutes.

NOTE 5. PASS-THROUGH AWARDS

In accordance with OMB Circular A-133, Section .310(b)(2), the following identifies in detail the expenditures relating to Federal awards provided by pass-through entities to State agencies, universities, and community colleges. These amounts are included in the Schedule of Expenditures of Federal Awards under the amounts reported for indirect programs (not clustered or clustered) under the respective CFDA numbers:

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Agriculture			
Alabama A&M University	00-52100-9616FAMU	10.001	$ 60
Alabama A&M University	N/A	10.200	82
Archibold Biological Station	00E35101E9292	10.206	30
Auburn University	2003-0 10.200		52
Auburn University	02-AGR-533878-UF	10.999	65
Dehlsen Associates	DA-SBIR-0002/ DA-SBIR-0003	10.212	4
Fort Belknap College	631-200-200-723	10.222	16
Fort Valley State	2001-52101-11411-FAMU	10.302	130
Gulf Coast Workforce Board	N/A	10.551	43
Harbor Branch Oceanographic Institute	N/A	10.999	207
Michigan State University	61-4177B	10.303	41
Michigan State University	2002-41210-014/ MSU 6	10.500	16
Mississippi State University	N/A	10.200	33
Mississippi State University	N/A	10.302	25
North Carolina State University	NCSU 20/ NCSU 2000-1728-01/ NCSU/USDA 2000-172	10.303	18
North Carolina State University	2000-0352-03/ 2001-0072-03/USDA/ USDA 98-ESAG-1-032	10.500	5
Ohio State University	744441/USD	10.200	33
Purdue University	592-1264-1 10.217		2
Rutgers State University	N/A	10.200	169
Rutgers State University	N/A	10.999	19
Southern United States Trade Association SUSTA/EMO	01-03 flm	10.999	29
Texas A&M University	N/A 10.302		344
Texas A&M University	00-51130-9752/ 20/ N/A	10.303	110
Texas A&M University	TCE662640-20	10.500	6
U.S. - Egypt Joint Board	USDA 58 3148 3 069	10.961	12
U.S. - Israel Bionational Agri. R & D Foundation	FP UIB IS-3162-99R	10.961	1
University of Arkansas	UA AES 2001-118	10.206	63
University of California	N/A/ USDA 20	10.200	45
University of California	USDA-CSREES 2001-5	10.302	112
University of California	50543 10.999		14
University of Georgia	N/A/ RD309-0/ RD309-040/3581377/ RD309-040/3581407/ UDSA 0/ UGRF/CSREES RD309-0/ USDA RD309-040/35/ USDA	10.200	168
University of Georgia	USDA/UGA RD294-259	10.303	30
University of Georgia	N/A/ RE670-054/658/ RE675-107/1789947/ RE675-109-6331827	10.500	36
University of Illinois	N/A 10.206		12
University of Maine	UM-S/ UMS-5	10.200	5
University of Maine	S455 10.217		15
University of Maine	N/A 10.999		19
University of North Texas	N/A	10.999	32
University of Puerto Rico	EEA-PO/ N/A	10.200	34
University of Puerto Rico	N/A	10.999	8
University of Tennessee	N/A 10.206		3
University of Tennessee	N/A 10.999		22
University of Texas	N/A 10.303		31
University of Vermont	N/A 10.217		6
University of Vermont	USDA 2001-47001-01	10.999	2
University of Virgin Islands	N/A	10.999	18
University of Wisconsin	P540433/ P540503	10.200	23
Univ ersity of Wyoming	USDAERSN5209CFL	10.250	12
W alton County Workfare	91833/FSG04	10.561	93
Total – U. S. Department of Agriculture			$ 2,355
U. S. Department of Commerce			
C&C Technologies	PSA032101 11.999		1
Clemson University	65075582242093340	11.609	125
Dauphin Island Sea Laboratory	N/A	11.999	22
Duke University	HE DKU 03-SC-NOAA-1025	11.431	32
Earth and Space Research	03-52-02-85	11.473	55

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Commerce (Continued)			
Gulf of Mexico Fishery Management Council	NA03NMF4410028	11.433	$ 10
Gulf of Mexico Fishery Management Council	04-7020	11.441	30
Gulf State Marine Fisheries Commission GSMFC-001-2004-	04/ HB-002-2002-04	11.434	447
Louisiana State University	DOC NA86RG0073	11.999	(2)
Micro Analysis & Design	800502910	11.999	26
Mote Marine Laboratory	MML-122628C	11.472	333
National Fish and Wildlife Foundation	2001-0295-010	11.419	7
National Fish and Wildlife Foundation	2002-0005-020/ 2002-0005-040.CON/ FC FWF 2003-0093-023/ NA17FZ2979	11.463	28
National Fish and Wildlife Foundation	2001-0079-000/ 2002-005-005.CON	11.481	16
National Wildlife Foundation	2002-0005-014	11.463	28
Nova Southeastern University	N/A	11.426	2
Pinellas County Environmental Foundation DG133R-03-SE-02	36/ NA17AC1366	11.481	13
St Johns River Water Management MRF-001-2002-04		11.454	8
University Corporation for Atmospheric Research	S0344675	11.450	40
University Corporation for Atmospheric Research	FC UAR S04-44685	11.467	3
University Corporation for Atmospheric Research	FC UAR S00-19127/ FC UAR S02-32804/ FC UAR S03-41099	11.999	13
University of Connecticut	NAGL0311A/ NAGL-03-11A	11.460	39
University of Hawaii	N/A 11.432		44
University of Maryland	CA0203	11.417	44
University of Maryland	CA 02-14/07525464373	11.473	344
University of Miami-Florida	HE UOM 660125/ HE UOM NONE	11.431	22
University of Miami-Florida	DOC/NA17RJ1226/P69/ DOC/NA17RJ226/ N/A	11.999	338
University of Minnesota	D9039	11.417	4
University of New Hampshire	02-604/ 02-615/ HE SNH 02-606/ N/A	11.419	161
University of New Hampshire	01-456	11.420	31
University of North Carolina	2003-24A	11.430	17
Total – U. S. Department of Commerce			$ 2,281
U. S. Department of Defense			
Academy of Applied Science	SG# 03-098/ SG# 03-099/ SG# 03-100/ SG# 03-101	12.431	10
Academy of Applied Science	MP AAS 02-022/ MP AAS 02-023/ MP AAS 03-009/ MP AAS 03-010	12.999	5
ACS Defense, Inc.	BI DIN ACSD-04-036	12.999	84
Advanced Power Electronics R & D Corp.	N/A	12.800	80
Aerody ne Research, Inc.	N/A	12.431	8
Aerody ne Research, Inc.	10219-1	12.999	26
American Superconductor Corporation	BI ASU NONE	12.999	194
Anteon Corporation	S1309 12.800		19
Aptim a Inc.	0157-1113 12.114		39
Aptim a Inc.	01661123 12.431		15
Aptim a Inc.	02201157 12.910		1
BAE Systems	RP6889 12.999		197
Basic and Applied Scientific Research	868437	12.300	23
Battelle Memorial Institute	173603/ 178492/ BI BAT TCN 01139/DO 0805/ N/A	12.999	131
Bent hos, Inc.	PO227841 12.300		7
Boeing Company	BI BCO Z00785	12.999	200
Brow n University	1374-21 12.630		31
Carnegie Mellon University	119292-1140024/ 119449-1140024	12.300	332
Carnegie Mellon University	N/A	12.999	4
Ceramat ec, Inc.	N/A 12.999		44
CH2M Hill	PO#6137/ PO#69478/ PO#74091	12.999	83
Chemonics Int. Inc.	PCE-I-00-98-00015	12.999	80
CHI Systems, Inc.	03014001 12.431		44
CHI Systems, Inc.	4005001 12.910		19
Clemson University, Sponsored Programs	499-202-2091790	12.300	59
Coastal Environments, Inc.	BI CEV NONE	12.999	66
Coastal Frontiers Corporation	N/A	12.999	11
Coastal Operations Institute	FC COI COI-2030.3	12.999	16
Colorado State University	N/A	12.300	14
Computer Sciences Corporation	BI CMP S-8503/ BI CMP S-8503/ BI CSC S-8503-02/ BI NIR NRC-CR-00-0018	12.999	1,417
Constellation Technology Corporation	F3-0083/ G4-003	12.114	22
Constellation Technology Corporation	F3-0262	12.300	1
Constellation Technology Corporation	F30266	12.910	2
Custom Manufacturing	N/A 12.999		15
Daimler Chrysler	NBCH - 1020010	12.910	14
Duk e University	N66001-02-C 12.999		605
Dy netics Inc.	54913 12.910		13

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Defense (Continued)			
Earth Tech. Inc.	F4162203C0019	12.999	$ 8
EIC Laboratories, Inc.	N/A 12.999		78
Electrodynamics Associates, Inc.	C01011PUR	12.630	75
Electrodynamics Associates, Inc.	C01014PUR	12.910	10
Evans Capacitor Company	BI EVC NONE	12.999	(1)
Everglades Partners Joint Venture	DACW17-01-D-0034	12.114	13
Exponent Environmental Group	S13-1191	12.999	54
Florida Institute of Technology PO028456		12.300	57
Florida Space Grant Consortium	DAAH0103CF277	12.910	28
Frontier Technology, Inc.	FTI-0067-03-130/ FTI-K205-03-207090/ N/A	12.999	48
General Technical Services	001314	12.910	1
General Technical Services	BI GTS 03-1-061/ BI GTS 04-1-168	12.999	29
Geo-Centers Inc.	42066CM - GC - 3543/ GC3448-01-006/ N66001-03-D-2500 D.O	12.300	671
Georgia Institute of Technology	95818	12.100	289
Georgia Institute of Technology	G33B45G1	12.300	17
Georgia Institute of Technology G-41-Z93-G		12.431	72
Georgia Institute of Technology	HE GIT E-16-U81-G2	12.630	96
Georgia Institute of Technology	E-25-6R6-S1/ N/A	12.910	13
Hyper Tech Research, Inc.	BI HRT NONE	12.999	2
Infinite Photonics, Inc.	N/A 12.910		1
Intelligent Automation, Inc.	3121/ 3551	12.910	78
Intel ligent Decision	762001 12.300		24
Interdisciplinary Consulting Corporation	N/A	12.999	20
ITT Industries Advanced Engineering and Sciences	160319/ 1800352	12.910	24
ITT Industries Advanced Engineering and Sciences	N/A	12.999	99
ITT Research Institute	2441112012KG	12.431	23
Jackson (Henry M) Foundation	65332	12.300	68
Jardon and Howard Technology JHT03P0448	/ JHT04P1176	12.910	46
JCM Environmental	BI JCM NONE	12.999	3
JHT Construction	JHT04P1132 12.910		1
Kinetic Ceramics Inc.	01050401/ CE04100101	12.910	6
Laser Fare Advanced	25845/HD123/F2960103	12.910	11
Lockheed Martin Corporation	850671854/ 88MMZB992	12.910	592
Louisiana State University	R151806	12.420	18
Luna Innovations	AFR1S3035/624UCF	12.910	6
Medsta r Health	N/A 12.420		55
Micro Analysis & Design, Inc.	N/A	12.431	115
Micro Analysis & Design, Inc.	800503010	12.910	13
Micro Analysis & Design, Inc.	DAAD 1910120009	12.999	464
Mississippi State University	301172-060808-021000/ 301411-060808-021000	12.999	100
Montgomery, Watson, Harza Americas, Inc.	F416-A0000-17121OF/ F416-A0000-803690F / MA0000810450F	12.999	15
Mound Laser & Photonics Center, Inc.	N/A	12.300	12
Nanomat, Inc.	DACA4203C0062 12.999		19
Nature serve	FC NTS 43009-01	12.999	4
Netw ork Computer Services	DAAD19-03-0001	12.431	15
New Era Technologies	N/A 12.999		111
North Carolina A & T State University	HE SNC 441194P	12.300	23
North Carolina A & T State University	441194D	12.999	9
Northrop Grumman Corporation	F41624-02-D-7003	12.800	10
NVI S, Inc.	N/A 12.431		31
NVI S, Inc.	N/A/ N00014-03-C-0474	12.910	108
Ocean Optics, Inc.	LIBS0003 12.999		127
Ohio State University Research Foundation	FC OSR 743381	12.420	163
Oklahoma State University, Grants & Contracts Fin.	AA-5-72732-B1	12.431	181
Old Dominion University Research	04132234921	12.300	24
Palo Alto Research Center	MP201982 PRIME:MDA	12.999	21
Panamerica Consulting, Inc.	BI PAN NONE	12.999	6
Parson s Infrastructure	740882.30013.00/3229	12.999	32
Pennsylvania State University	S03-15	12.999	42
Physical Sciences, Inc.	N/A/ PSI 30350-2781	12.999	45
Princeton University	HE PNU 00000736	12.800	26
Purdue University, Sponsored Programs Services	HE ISS 530-1668-1	12.300	23
Raytheon Company	PO# C51681	12.800	13
Raytheon E-Systems, Inc.	71MBL6BR0013/ 861841	12.800	421
Raytheon E-Systems, Inc.	71MBL6BR0003	12.910	45
Resear ch Support Institute	A1201	12.630	14
Resear ch Triangle Institute	19736S/881U7545000	12.431	4
Ric e University	R13451-72000001 12.999		158
Rini Technologies	N/A 12.910		8
Rockw ell Scientific	B3U506471 12.300		61
Rutgers State University	S378	12.999	63
Sarnoff Corporation	4900000061/ 4900000162	12.910	47

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Defense (Continued)			
Science Applications International Corp. (SAIC)	4400059933	12.431	$ 38
Science Applications International Corp. (SAIC)	4400040151/ 4400077995/ 4400090270	12.910	18
Sciperi o	N/A 12.431		4
Sensors World, Inc.	SWI071703 12.300		2
Southeast University Research Association	SURA 2004-105	12.999	14
Space Launch Corporation	N/A	12.910	32
SRI International	N/A 12.999		13
STS International Inc	HLSS-04/ HLSS-05	12.431	503
Sy pris Electronics	300773 12.800		22
Sy stem Dynamics International	N/A	12.999	155
Sy tronics, Inc.	PO 11021-9093-1300	12.999	131
TASC Inc	JO8200S98001 12.910		3
Technology Applications, Inc.	SO2U05017	12.910	50
Texas A & M Research Foundation	S0300	12.300	4
The 21ST Century Council	FC CEN NONE	12.999	10
The Nature Conservancy	FC NCO NONE	12.999	48
The University of Kentucky Research Foundation	FC UKR 4-65999-02-402	12.910	11
TSM Corporation	BI TSM 98-J061-01-C57-01/ BI TSM 98-JO61-01, TO# C508-01	12.999	1
Universal Tech. Corporation	03-S437-027-41-CI	12.999	13
University of Alabama	03-035 12.800		74
University of Arizona	HE SAR P.O.#Y702355	12.630	148
University of California	0160-G-AC859/ B531082	12.999	170
University of California-Los Angeles	0190-G-BC154	12.999	135
University of Colorado-Denver	SPO31608	12.300	108
University of Delaware	B-431990	12.300	123
University of Illinois	N/A 12.999		141
University of Miami	661525 12.630		76
University of Miami-Florida	N/A	12.300	77
University of Minnesota	DAAD19-01-2-0014	12.100	89
University of Minnesota	DAAD19-01-2-0014	12.630	247
University of Mississippi	HE SMS 04-10-030	12.300	69
University of Missouri	N/A 12.999		176
University of Montana	N/A 12.300		208
University of North Carolina	3-12110-12/ TO #:3-12110-10/ UNC 3-1211	12.300	1,056
University of North Carolina-Charlotte	NC 2975-01-0224-S2	12.999	27
University of South Carolina	03-734	12.999	57
University of Southern Mississippi	N/A	12.300	21
Univ ersity of Wisconsin	N/A 12.910		29
University of Wisconsin	HE SWS 273G044	12.999	50
Univ ersity of Wisconsin-Madison	273G055	12.550	272
University of Wisconsin-Madison	HE SWS 273G044	12.999	33
Virginia Polytechnic Institute and State Univ.	CR-19300-43093	12.420	111
Wayne State University	WSU04031	12.420	23
Weidlinger Associates, Inc.	BI WAI 22434-501-03	12.999	56
William and Mary College	UF3/ UF35/ UF3523/ UF3556	12.300	397
W inrock International	5489-03-01	12.999	51
Woods Hole Oceanographic Institution	A100289	12.300	37
Y obotics, Inc.	PRIME DAAE07-03-C	12.630	22
Zauberte k, Inc.	N/A 12.901		105
Total – U. S. Department of Defense			$ 14,399
U. S. Department of Housing and Urban Development			
Bradenton Housing Authority	FL14URD023I199	14.866	42
City of Lauderhill	02-318 14.219		20
City of Tallahassee	LG COT 653	14.218	34
Local Initiatives Support Corporation	02-116	14.218	1
National Research Council	FC NLR NONE	14.999	5
Total – U. S. Department of Housing and Urban Development			$ 102
U. S. Department of the Interior			
County of Volusia	LG VOL NONE	15.615	74
Georgetow n University	N/A 15.608		330
National Fish and Wildlife Foundation	200201650000	15.617	1
Nature serve	FC NTS 43030-01	15.999	6
SRI International	03-000226 15.999		528
Town of Fort Myers Beach	ARCH2	15.904	3
University of North Carolina Wilmington	N/A	15.808	19
University of Texas	UTA03-355 15.808		7
Total – U. S. Department of the Interior			$ 968

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Justice			
Alachua County	N/A 16.579		$ 32
Caliber Association	CA79501 FAU	16.541	20
City of Ocala	CFCC 16.595		13
Florida Coalition Against Domestic Violence	FC FDV NONE	16.588	8
Florida Council Against Sexual Violence	FC CSV NONE	16.999	9
George Washington University	HE GWU 03-S31/ HE GWU 97-S17	16.999	207
Institute for Intergovernmental Research	2003-LD-BX-0001	16.592	41
Leon County School Board	LG LEO NONE	16.999	7
Miami-Dade Juvenile Assessment Center	12-002-RG-CX-0011	16.542	18
Orange County Sheriffs Office	N/A	16.712	1
Polk County Sheriffs Office	I3PCFP505	16.999	6
Research Triangle Institute	RTI 5-44U-7735	16.999	17
St. Johns County	I3PNFP501 16.999		116
Thurston Group	N/A 16.200		31
University of Chicago	OJP-2001-C-003	16.999	67
Volusia County Board of County Commissioners	01-WS-QX-0119	16.595	2
Total – U. S. Department of Justice			$ 595
U. S. Department of Labor			
Alachua/Bradford Regional Workforce Board	L-A-01-02,L-A01-03	17.253	232
Alachua/Bradford Regional Workforce Board	L-A-01-02,L-A01-03	17.258	273
Alachua/Bradford Regional Workforce Board L-Y	OUTH-01-02,L-YOUTH-01-03	17.259	582
Alachua/Bradford Regional Workforce Board	L-A-01-02,L-A01-03	17.260	98
Florida Developmental Disabilities Council, Inc.	269WTW02	17.253	5
Florida Institute for Workforce Innovation	N/A	17.999	32
Gulf Coast Workforce Development Board	N/A	17.207	15
Gulf Coast Workforce Development Board	N/A	17.225	20
Gulf Coast Workforce Development Board	N/A	17.258	492
Gulf Coast Workforce Development Board	N/A	17.259	119
Gulf Coast Workforce Development Board	N/A	17.260	210
Heartland Workforce Investment Board Inc.	N/A	17.259	155
South Florida Emp. & Training Consortium	WIA-SI-PY'03-06-02	17.258	9
Workforce Development Brd of Flagler & Volusia Co	01-001-ONE-IRCC-FP	17.258	261
Workforce Development Brd of Flagler & Volusia Co	01-001-ONE-IRCC-FP	17.260	243
Workforce Florida, Inc.	FC WFI NONE/ WFI - UWF CONTRACT	17.258	165
Workforce Florida, Inc.	212430	17.999	20
Workforce One	2003-04-CR-WIA-WTP-2610-IBT/OJT	17.260	249
Workforce One	AH-12469-02-60 17.261		535
WorkNet Pinellas	N/A 17.207		69
WorkNet Pinellas	N/A 17.225		106
WorkNet Pinellas	N/A 17.258		70
WorkNet Pinellas	N/A/ WN-YOUTH-2001-001	17.259	223
WorkNet Pinellas	N/A 17.260		414
Total – U. S. Department of Labor			$ 4,597
U. S. Department of State			
Institute of International Education	S-ECAAE-04-CA-019 (PS)	19.418	17
United Methodist Committee on Relief	N/A	19.424	21
Washington State University	WSU G001321	19.999	54
Total – U. S. Department of State			$ 92
U. S. Department of Transportation			
Capital Area MPO - Raleigh NC	PO 0047732	20.205	1
City of St Petersburg Florida	N/A	20.205	7
CTR for Transportation and the Environment	N/A	20.205	5
Dye Management Group, Inc.	230603-14.40	20.218	48
Florida Metro Planning Org Advisory Council	N/A	20.505	106
Georgetown University	9H682 20.999		45
Gray-Calhoun & Associates	GCA#2200015	20.205	31
Hennepin Co Minnesota Community Works	A020089	20.512	18
ICF Consulting	23BL00143 20.205		31
ICF Consulting	22BL00149 20.514		2
Kittleson & Associates	Project 4017	20.512	2
Metroplan Orlando, Inc	N/A 20.703		5
Metropolitan Area Planning Council	N/A	20.205	3
Miami-Dade Transit Authority	WO 2003-5/ WO 2004-2	20.205	280
Miami-Dade Transit Authority	WO 2004-1	20.507	708
Multisystems, Inc. / TranSystems Corp.	Job no. 2252	20.205	2

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Transportation (Continued)			
National Academy of Sciences	N/A	20.205	$ 4
National Academy of Sciences	HR10-55/DOT 7800099	20.502	6
Palm Beach County Transportation Authority	R2002 1598	20.505	74
Parsons Brinckerhoff Quade & Douglas	41106713201	20.205	7
Purdue University	57100241 20.701		11
Sprinkle Consulting Engineers	DTFH61-02-C-00026	20.219	4
Unit ech	PO#DC-CG0366	20.100	17
University of Tennessee	DTRS-99-G-0004	20.514	27
University of Tennessee	02-USF-R-S1/ UF-99-E1	20.701	39
Urbitran Associates, Inc.	DOT-5423-099	20.205	15
Total – U. S. Department of Transportation			$ 1,498
National Aeronautics and Space Administration			
Aerochem , Inc.	N/A 43.999		33
All Points Logistics, Inc.	APL00026/ APL00069	43.002	102
A pplicote Associates	N/A 43.001		8
Baylor College of Medicine	HE BCM MA00211	43.999	77
Boeing Company	3K02107 43.001		153
California Institute of Technology 12/	1259297	43.001	39
California Institute of Technology	1/ 1205632/ 1229336/ HE CIT 961434	43.999	226
Chandra X-ray Center	N/A 43.999		4
Dartmouth College	5-36242 43.001		29
Dy namic Corporation	KSC011419	43.002	15
EIC Laboratories, Inc.	N/A 43.999		7
Florida Space Grant Consortium	1629222/ NGT5-40107	43.001	12
Georgia Institute of Technology	E-16-V14-G2	43.001	323
Indiana University	PO 101005-0023	43.999	40
Inorgani c Specialists Inc.	01137	43.002	35
I nst/Software Research	N/A 43.999		124
Jet Propulsion Laboratory	1208965	43.001	42
Jet Propulsion Laboratory	HE CIT 1221181/ HE CIT 1232208/ HE CIT 1247709	43.999	91
Lockheed Martin Corporation	SL01Q2801R/ SL30K6650K	43.001	31
Michigan State University	N/A	43.999	28
Micro Sensor, Inc.	N/A 43.002		3
Nielsen Engineering & Research, Inc	2938	43.999	41
Norfork State University	HE SOV NONE	43.999	(15)
Northern California Institute for Res. & Edu., Inc	N/A	43.999	1
Ohio Aerospace Institute	FC OHI 400301	43.999	14
Old Dominion University-Research Foundation	03-101-111501	43.999	82
Oregon State University	NS033AA	43.001	58
Oregon State University	HE SOR NSO33A-05	43.002	358
Penn State University	N/A 43.999		79
Plasma Processes, Inc.	N/A 43.001		3
Pratt & Whitney	4140826428 43.999		1
Purdue University	N/A 43.999		109
Radiation Monitoring	N/A 43.999		18
Rini Technologies	N/A 43.002		2
Scripps Research Institute	5-97456	43.001	135
South Carolina State University	03-446477-CNRT-FIU	43.001	24
Southern University Law Center	SULC NASA 2003 UWF	43.999	57
Space Gateway Support	Y03282	43.001	2
Space Telescope Science Institute	HST-GO-09479.01-A/ STSI HST-AR-08750/ STSI HST-AR-09218/ STSI HST-AR-09927/ STSI HST-AR-09948/ STSI HST-GO-08192/ STSI HST-GO-08389/ STSI HST-GO-08590/ STSI HST-GO-08601/ STSI HST-GO-08678/ STSI HST-GO-09126/ STSI HST-GO-09423/ STSI HST-GO-09719	43.999	135
United Space Alliance	P000035618	43.001	34
University of Alabama	N/A 43.001		26
University of Colorado	26386/ HE SCD 153-9538	43.002	130
University of Georgia	RC710-017/4183377	43.999	21
University of Maryland	HE SMD Z690901	43.999	7
University of Miami	NAG 9-1346	43.001	86
University of New Hampshire	N/A	43.002	49
University of Texas - San Antonio	PA-FL-2	43.001	69
Univ ersity of Washington	N/A	43.999	6
Woods Hole Research	N/A 43.999		14
Total – National Aeronautics and Space Administration			$ 2,968

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
National Foundation on the Arts and the Humanities			
Florida Humanities Council	0502-2792-1622/ N/A/ NA/ SO-21762-02	45.129	$ 39
Florida Humanities Council	FHC 0502-2791-1621	45.164	1
Southern Arts Federation	FC SAF 1896	45.999	8
Total – National Foundation on the Arts and the Humanities			$ 48
National Science Foundation			
All Species Foundation	N/A 47.999		1
American Assoc. for the Advancement of Science	MP ADS	47.999	4
American Statiscal Association	FC ASA NONE	47.999	38
Arizona State University	SC 19103M0	47.074	58
Arkansas State University	HE SOA ALLEN 5-20320	47.041	7
Association for Institutional Research	FC AIR 03-212/ FC AIR NONE/ N/A	47.075	111
Association for Institutional Research	FC AIR NONE	47.999	1
Association of Universities for Res. in Astrology	9414257-GEM00233/ AURA C10242A/ N/A	47.049	34
Association of Universities for Res. in Astrology	C10337A	47.999	520
Big Horn Valve, Inc.	BI BHV NSF0101	47.041	53
Boston University	HE BOU 159369	47.049	46
Broadley -James Corporation	N/A	47.999	10
California Institute of Technology 1001933/	PC217149	47.049	96
Coastal Carolina University	NA97RG0431	47.050	2
Cornell University	44276-7388/ N/A	47.041	25
Cosci Technologies, Inc.	N/A	47.049	19
Duke University Medical Center	01-SC-NSF-1018	47.070	12
Emergency Mgmt. Telecommunications, Inc. (EMTEL)	N/A	47.041	4
Florida Institute of Technology DUE0341601		47.076	6
Georgia Institute of Technology E-19-Z39-G1		47.075	6
Harv ard University	133119-01 47.050		7
Inter- American Institute for Global Change Res.	CRN-047	47.999	151
Iowa State University	420-60-83	47.041	5
Joint Oceanographic Institutions	JSG-CY 18-5	47.078	20
Kansa s State University	S03027	47.041	57
Kirkwood Community College	DUE-0101507	47.076	25
Marquette University	23 47.070		5
Material s Modifications	081502-1	47.041	86
Michigan State University	HE MSU 61-2551F	47.049	46
Mississippi State University	HE SMS 02-04-0301	47.049	71
MRI Software Technology	N/A	47.070	29
National Academy of Sciences	INT-0002341	47.041	1
National Center Atmospheric Research	N/A	47.050	9
National Research Council	N/A	47.041	2
National Research Council	FF NSF	47.075	6
National Research Council	FC NLR NONE	47.999	7
Neurodimension	N/A 47.041		94
Neurodimension	N/A 47.999		(3)
New Mexico State University	Q00582	47.076	1
New York University	HE NYU F5140-01/ NYU F5140-03	47.049	106
New York University School of Medicine	NYU F5140-02	47.049	64
Northea stern University	N/A 47.049		53
Northw estern University	N/A 47.070		61
Ohio State University	OSURF 743168/RF009	47.049	10
Ohio University	HE SOH UT-11332	47.049	61
Optical Astronomy Observatory	C10242A	47.049	9
Pennsylvania State University	2170-UF-NSF-56/ 2170-UF-NSF-5684	47.074	605
Princeton University	HE PNU 195-6423-5	47.050	133
Purdue University	N/A 47.074		4
Purdue University, Sponsored Programs Services	500-3736-1/ 501-0791-03/ N/A	47.041	184
Rensselaer Polytechnic Institute	DMR-0231291	47.999	149
Research Foundation of S.U.N.Y. R1148181/20	01/02:02-5002	47.041	16
Research Foundation of S.U.N.Y.	1019420226011	47.049	2
Research Foundation of S.U.N.Y.	40378-0001A	47.075	7
Rutgers State University	1183	47.049	8
Society for American Archaeology	0088692	47.076	4
Southeast University Research Association SURA-2002-102		47.070	6
Suny Research Foundation	N/A	47.999	16
Tenness ee State University	HRD-0206028	47.999	25
Texas A&M Research Foundation	F001269/ F001270/ F001410/ F001685/ FC TEX 206-F001790/ FC TEX F001009/ FC TEX F001415-LEG 199/ FC TEX F001720, LEG 194/ FC TEX F001721/ FC TEX F001856-LEG 207/ FC TEX F001857 - LEG 210/ FC TEX F001858-LEG 210/ FC TEX TO # F001137/ FC TEX TO # F001142/ F	47.050	187

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
National Science Foundation (Continued)			
Texas A&M Research Foundation	198-F001386	47.999	$ 16
U.S. Civilian Research & Development Foundation	FC UCR AE1-3216/ FC UCR AP1-3218/ FC UCR RC2-2344-MO-02	47.999	19
University Corporation for Atmospheric Research	FC UAR S04-44699	47.050	7
University of Akron	MCB-0239997	47.074	11
University of Arkansas	SA0408119	47.041	20
University of California - San Diego	10225990	47.050	145
University of California - Santa Barbara	HE UOC KK0111	47.050	1
University of California Berkeley	SA3702-22383PG/P. O.	47.076	49
University of Iowa, Sponsored Prog. Acctg. Office	PO4000087323	47.049	63
University of Kansas	FY2002-022	47.076	37
University of Kansas Center for Research	FY2002-048	47.078	(1)
University of Kentucky Research Foundation	FC URK 4-67262-04-183	47.074	26
University of Maine	HE SME UM-S513	47.078	6
University of Memphis	N/A 47.075		36
University of Minnesota	N/A 47.074		2
University of Minnesota	DGE0114372/T5308009001	47.076	6
University of Missouri	DBI 9975808/UF/ DBI-9975808/UF	47.074	22
University of Nebraska	25-1215-0001-005	47.074	288
University of North Carolina	020135-1	47.074	23
University of North Carolina	HE SNC 5-59052	47.999	3
University of Notre Dame	46230	47.074	32
University of Southern California	HE USC 068834	47.076	64
University of Tennessee	HE STN R073223144	47.074	30
University of Tennessee	OR11407-01.01	47.999	1
University of Texas - M.D. Anderson Cancer Center	OPP-0085589	47.078	34
University of Virginia	HE UOV GA10163-112933	47.070	155
URS Group, Inc.	BI WDC NCA-03-313	47.999	13
Virginia Polytechnic University	N/A	47.999	36
Wisconsin Center for Education Research	406F560/REC-0107032	47.076	40
Total – National Science Foundation			$ 4,566
U. S. Environmental Protection Agency			
Arcadi s	RN030002 66.801		32
AWWA Research FDTA	N/A 66.500		(83)
Carnegie Mellon University	1080004-109014	66.500	46
Charlotte County	AG2001-001 66.999		7
Charlotte Harbor National Estuary Program	N/A	66.456	2
Consortium for Plant Biotechnology Resources, Inc.	EPA R-83082801-0/ EPA82947901-128/CO/ EPA82947901-13	66.500	115
Ecology and Environment Inc.	119	66.999	2
Emory University	N/A 66.500		38
Gulf Coast Hazardous Substance Research Center	032UCF3786	66.801	15
Gulf of Mexico Foundation	2003/ 2004/ 2005-USEPA	66.475	107
National Fish and Wildlife Foundation	N/A	66.500	12
Nature serve	FC NTS 71015-01	66.999	5
Nova Southeastern University	R-82883001-0	66.500	23
San Francisco State	SFSU C7-94055	66.999	14
Seminole County Florida	N/A	66.500	23
Southwest Florida Regional Planning Council	N/A	66.456	27
Tampa Bay Estuary Program	PO 6232/ T-99-01	66.456	38
Texas Engineering Experiment Station	R-83023601-0	66.509	51
University of California	KK2125	66.500	45
University of Georgia	EPA DW-12-94591901	66.999	8
University of New Orleans	N/A/ UNO 31-20-5188/99-033	66.500	15
University of South Mississippi	N/A	66.607	10
University of Southern Mississippi GR1079-C10/	GR1079-D10	66.500	409
University of Southern Mississippi	HE SMSUSM-GR01079-E10	66.999	61
Univ ersity of Wyoming	EPALOC2370/2371SUBUC	66.508	1
Water Environment Research Foundation 00-PUM-2T/	01-WSM-2b	66.500	41
Water Environment Research Foundation	N/A	66.999	9
Total – U. S. Environmental Protection Agency			$ 1,073
U. S. Department of Energy			
American Res. Corp. of VA	BI ARV P.O. 9805031	81.049	(12)
Battelle	400024004 81.049		81
Battelle	4000010069 81.087		260
Battelle	FC UTB 4000003061	81.104	48
Battelle	411444AU7 81.116		48
Battelle	4000013333/ FC UTB 4000006057/ FC UTB 4000013601/ FC UTB 4000023727/ N/A	81.999	52

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Energy (Continued)			
Battelle Memorial Institute	FC BMI 8212	81.999	$ 7
Battelle Pacific Northwest Division	404330AN49463	81.082	20
Battelle Pacific Northwest Division	401330AN4/ENERGY2004/ N/A	81.087	26
Battelle Pacific Northwest Division	411524-A9	81.999	5
Bechtel BWXT Idaho L	00029087	81.087	34
Bechtel BWXT Idaho, LLC	BI INL 00024250/ N/A	81.999	50
Bechtel National, Inc.	00014362	81.087	48
BP Solar International LLC	ZDO-2-30628-03-USF	81.087	14
CDH Energy Corporation	DE-FC-36-026012012	81.087	182
Clemson University	0201SR103 81.087		98
Energy and Environmental Solution	BI EES 7010001016/ BI EES 7010001111	81.999	121
FERMI National Accelerator Laboratory	510716/ 512191/ FC FNL 554581/ FC FNL P.O. 511695/ N/A	81.049	586
FERMI National Accelerator Laboratory	512191/ FC FNL 547828/ FC URA PO# 502138	81.999	173
Florida Solar Energy Research	N/A	81.041	26
Framatome ANP, Inc.	N/A 81.999		13
Georgia Institute of Technology	E-256PO-SI	81.087	46
Global Research & Development BI	GRD NONE	81.999	4
How ard University	DE-FC-02-02-EW15254	81.049	20
Howard University	633254-192518	81.999	92
Illinois Institute of Technology	IIT SA195-0700	81.057	35
Jeffer son Lab	04-P0436/ PO 01-P2571	81.999	6
Knolls Atomic Power	PL00110865SJ	81.087	4
Lawrence Livermore National Laboratory	HE UOC B507791	81.999	15
Lockheed Idaho Technologies	K97-176844-002	81.049	9
Lockheed Martin Energy	SB 4000001827	81.999	8
Los Alamos National Laboratory	75092-001-03 3D	81.064	252
Los Alamos National Laboratory	HE UOC88000-001-04 4V	81.999	35
Louisiana State University	HE SLAR141344	81.049	72
Met abolix, Inc.	N/A 81.086		188
Midwest Research Institute	FC MRI ZAM-3-32246-02/ XXL-9-29034-01	81.999	28
National Association of State Energy Officials	N/A	81.087	229
National Renewable Energy Laboratory	ACQ-9-29639-03/ NAT-1-30620-08/ NDJ-2-30630-18/ NDO33345701/ XAK81761912/ XXE13101301/ ZDJ33360002	81.087	450
National Renewable Energy Laboratory	AAT-1-30620-11/ ADJ23063/ N/A/ NREL ADJ-2-30630-13/ NREL XAK-8-17619-32	81.999	595
Nova Southeastern University	1043	81.116	32
Nuonics Inc.	N/A 81.087		23
Oakrid ge National Laboratory	4000016675	81.087	80
Pennsylvania State University N/A		81.089	35
Princeton University	HE PNU 195-6401-3	81.049	95
Sandia National Laboratories	28257	81.049	4
Sandia National Laboratories	112620/A0346/ 255127/ 7038/ Doc: 95241/ LH-1453	81.087	312
Sandia National Laboratories	1190/ BI SND 209675/ BI SND 264973/ BI SND 31514/ BI SND 39595/ BI SND BF-4771/ BI SNL 161649/ BI SNL 95889/ N/A	81.999	145
SC Institute of Energy 0401SR114		81.089	13
Solar Rating and Certificate Corporation	N/A	81.087	164
Southeastern Universities Research Assoc., Inc.	FC SUR 03-P2061	81.999	16
Sporian Microsystem	200303 81.087		12
Superco n, Inc.	BI SUP S-19975	81.999	14
University of Alabama	HE UOA 00-044/ N/A	81.049	176
University of Alabama	01-054 81.104		157
University of California	68920-001	81.999	146
University of Chicago	3B002/ N/A	81.999	21
University of Connecticut	7301	81.089	23
University of Georgia	N/A 81.999		2
University of Georgia Research Foundation	N/A	81.999	7
University of Miami	N/A 81.999		9
University of Mississippi	HE SMS 02-11-58	81.049	31
University of Nebraska	2662/ 26-6223-7230-006/ N/A	81.999	172
University of Washington	451369/ 580049	81.049	150
Total – U. S. Department of Energy			$ 5,807
U. S. Department of Education			
American Institutes for Research GV1-00-015	95	84.332	291
Bay County Public Schools	LG BAY NONE	84.303	200
Broward County District School Board	N/A	84.243	85
Capital University	P116J000008 84.161		19
Clemson University	733-7558-210-20938	84.116	6

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Education (Continued)			
Columbia County	A/C 84.215		$ 31
Concurrent Technologies Corp.	P116Z030111	84.116	138
District School Board of Union	LG SUC 040949	84.318	1
Duval County School Board	160-1574A-4CT01	84.243	62
Educational Testing Service	S283A50007-USF	84.283	97
Escarosa Regional Workforce Development Bd., Inc.	FP-03-02/ FP-04-02	84.002	70
Family Network on Disabilities of Florida	N/A	84.310	237
Flagler County Schools	180-1514A-4CR01	84.048	33
Florence Darlington College	P116J010009	84.116	17
Georgetown University	GU RX4285-842-UFL	84.999	43
Great Cities University	UHM-2FIE	84.999	11
Hampshire College	P116B020007	84.116	9
Hillsborough County School Board	290-1914A-4CG06	84.002	136
Indiana University	N/A 84.116		4
Iowa State University	ISU 432-27-10	84.116	4
Japan Foundation	15 JE 76	84.015	13
Jefferson County School Board	LG JCO U351D030179	84.999	87
Lake County District School Board 350-1574A-4CT01		84.243	10
League for Innovation C C Consortium	V051B0200001	84.051	38
Lee County Schools	N/A 84.184		66
Lehigh University	540091 84.324		59
Los Angeles City Office of Education	LG LAE 000966	84.999	3
Miami-Dade County Public Schools	R02034953	84.002	119
Mississippi University	H133B010101-02C	84.133	15
National Board of Professional Teaching Standards	FC NBP NONE	84.999	59
National Writing Project Corporation	99-FL05	84.369	34
National Writing Project Corporation	N/A	84.928	38
Nicholls State University	P116J010022	84.116	20
North Carolina A&T State University	2000164902	84.116	28
Northea stern University	551360	84.133	6
Northern Illinois University	HE NSN 41372	84.116	8
Nova Southeastern University	03-CY-2P-11-16-05-001	84.186	58
Nova Southeastern University	HE NSU NONE	84.361	2
Orange County Public School Board	4802244A4CT01	84.367	13
Panhandle Area Education	7439009	84.215	29
Pinellas County School Board	51842990366-01/ SubC of S184L990366	84.184	18
Polaris Joint Vocational School District	Y5-MD0203	84.303	248
Public Broadcasting Service	FC PBS NONE/ P295A0000x	84.295	63
Renaissance Learning Center	500-2983B-4C010	84.282	2
RMC Research Corp.	BI RMC	84.999	665
Saint Thomas University	P031S020033	84.031	374
Saint Thomas University	N/A	84.342	2
San Diego State University Foundation	SDSU 52244B P1185/ SDSU 52244C P1185	84.116	16
School Board of Broward County	BTC 08 22 2003/ SBBC	84.010	226
School Board of Leon County	LG LEO P.O. NO. 432386	84.276	21
Serve, Inc.	SINCST04022/ SINCSTO3018	84.302	65
Teaching Learning and Tech Group, Inc.	P116B020523	84.116	8
Temple University	30-1894-111/396 (99-00)	84.191	12
Tidewater Community College	A2-01612	84.116	8
Tufts Health Care Ins.	N/A 84.999		4
University of California - San Diego	P.O. 10217765	84.305	38
University of Hawaii	S-LMA QM-03-H-0121 PO 2684712	84.116	105
University of Missouri	C000005833	84.327	13
University of North Carolina	554301	84.305	51
University of North Carolina	CK#01-447381/ HE SNC SRV03FXL-1351	84.999	5
University of Oregon	222471A 84.324		52
University of Oregon	221891D/ 222841A/ N/A	84.326	104
University of Tennessee	H324A010003-02	84.324	40
University of Virginia	5-34347 84.303		2
University of Washington	807511/ H325G02003	84.325	35
Volusia County District School Board	640-1574A-4CT01	84.243	16
W estern Consortium	N/A 84.999		2
W estern Illinois University	R203A70030	84.203	129
Total – U. S. Department of Education			$ 4,523
U. S. Department of Health and Human Services			
ABT Association Inc	223-01-0015	93.001	55
Advocates for Human Potential	280-99-0200	93.958	47
Advocates for Human Potential	N/A	93.959	9
Alachua County	56401 G	93.991	1
Alachua/Bradford Regional Workforce Board L-A-01-03	,L-YOUTH-01-03	93.558	1,320
Albert Einstein College of Medicine Yeshiva Univ.	9526-3878	93.001	2

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Health and Human Services (Continued)			
Alliance for Aging	90CG256303	93.052	$ 97
Alpha One Foundation	N/A 93.838		3
Ambulatory Pediatric	N/A 93.999		15
American College of Obstetricians & Gynecologists	27469-96	93.395	229
American College of Radiology	U10 CA21661	93.395	67
American College of Radiology	ACR 99-03/ ACR RTOG 0114/ ACR RTOG 0211/ ACR RTOG 91-15/ ACR RTOG 98-13/ ACR RTOG 99-06/ ACR RTOG 99-11/ ACR RTOG 99-13/ ACR RTOG PA-0020/ ACR RTOG R-0012/ N/A	93.999	80
American Health Assistance Foundation	P01 CA68384	93.393	165
American Institutes for Research	GV1-00-01599/ SG-03-1830.001-02	93.865	33
American International Health Alliance	U-CA-KYR-02-P-PTR-TA/ U-CA-REG-04-P-UME-INIT	93.189	39
American Psychiatric Association	N/A	93.282	48
Applied Genetic Technology Corporation	N/A	93.839	1
Area Agency on Aging	812082/ A003-19/M003-19	93.052	39
Arizona State University	03-069/P.O.-SC19103M	93.242	55
Assoc. for Medical Ed. and Res. in Substance Abuse	N/A	93.999	67
Association of American Medical Colleges	MM-0592-03/03/ U36/CCU319276	93.283	66
Association of Schools of Public Health	T3119-23/23/ T3286-22-22	93.004	71
Association of Schools of Public Health	A1014-21/22/ S1546-20/20	93.188	805
Association of Schools of Public Health	D3293-23/23/ S1347-20/20/ S1676-21/23/ S1825-21/23/ S1833-21/21/ T3285-22/22	93.283	520
Association of Schools of Public Health	S3026-23/23	93.837	30
Association of Schools of Public Health	T3288-23/23	93.938	12
Association of Teachers of Preventive Medicine	N/A/ TS-0308/ TS-0405-16/17/ TS-723/ TS-823/ TS-988	93.283	418
AXIO Research Corporation	500-19	93.999	2
Baylor College of Medicine	4600463774	93.848	91
Bay lor University	N/A 93.389		87
Bay lor University	460050 93.849		51
Baylor University Medical Center	5 D31 HP70112-01	93.969	10
Beckman Research Institute 5R01	CA15720-03	93.866	29
Beth Israel Medical Center	R01 CA 86826	93.393	25
Beth Israel Medical Center	1 R01 CA100029-01	93.399	16
Big Bend Community Based Care	FC BBB NONE	93.556	24
Boston University	R25CA91958 93.398		13
Brigham Women's Hospital	N/A	93.838	2
Broward County Board of County Commissioners	04-HIP-8506-1	93.151	36
Camillus House Inc.	1 H79 TI13885-01/ 1H79TI15730-0	93.243	68
Cancer Centers Support Grants	8P0CA76292B	93.397	11
Case Western Reserve University	5 R01 HL-63042-04	93.839	112
CC Technology Systems, Inc.	2 R44 DA13055-02A1	93.279	139
Center to Protect Workers Rights	N/A	93.283	12
Center to Protect Workers Rights	03-1-PS	93.999	14
Central Florida Area Health Education Center	N/A	93.999	1
Central State University	FCVP0209142	93.671	338
Central State University	D67MP94001-10-0	93.910	195
Children's Board of Hillsborough County	001-569-8769-1-03/ N/A	93.104	310
Children's Board of Hillsborough County	001-569-8769-1-04	93.958	44
Children's Hospital	N/A 93.110		(1)
Children's Hospital	N/A 93.172		18
Children's Hospital	N/A 93.394		48
Children's Hospital	N/A 93.847		7
Children's Hospital-PHIL N/A		93.838	3
Children's Research	16880106 93.894		83
Children's Research Institute	02-118	93.853	71
Children's Services Council - Broward County	04-4104	93.243	83
Children's Services Council - Broward County	N/A	93.648	3
Children's Services Council - Broward County	Contract # 03-4104	93.958	70
Chiles (Lawton) Foundation	IG90MC00001	93.999	56
Coalition Safe & Drug Free St Petersburg	N/A	93.230	1
Collagen Matrix	R01 HD41747	93.865	55
Columbia University	N/A 93.172		662
Columbia University	N/A 93.837		2
Columbia University	N/A 93.865		174
Community Medical Center Foundation	N/A	93.394	17
Computer Science Innovations, Inc.	CSI XML001	93.999	(3)
Cyclotec Advanced Medical Technology, Inc.	1R41DA16547-01NIH	93.279	39
Det ection Limit	2 R42 DK55893-02	93.847	2
Directions for Mental Health	IU798M54314-01	93.230	7
Directions for Mental Health	5U79SM54314-02	93.243	18
Directions for Mental Health	90-L00068/01	93.577	19

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Health and Human Services (Continued)			
DISC Village, Inc.	FC DIS NONE	93.230	$ 17
Duke University	SPS 11/ SPS 118/ SPS 1246	93.856	196
Duke University	30/ DS799/303-2067/ N/A/ SPS 101834/ SPS 108	93.999	31
Duke University Health System, Inc.	4600016771	93.230	8
East Carolina University	N/A 93.283		31
Eastern Cooperative Oncology Group	ECOG C9732/ N/A	93.999	10
Eastern Virginia Medical	N/A	93.865	43
EIC Laboratories, Inc.	20002 93.999		9
Emmes Corp	N/A 93.999		4
Emory University	R01 DE11536	93.121	13
Emory University	N/A 93.361		4
Emory University	N/A 93.853		5
Emory University	N/A 93.859		22
Emory University	N/A 93.865		111
Everglades Area Health Education Center	02-331/ EAHEC	93.107	2
Everglades Area Health Education Center	02-281/ 02-282/ N/A	93.187	17
Family Hlth Alliance of Palm Bch	1H49 MC00140-01	93.926	53
FL Alzheimers Ctr & Res Institute	FC FAI	93.999	28
Florida Developmental Disabilities Council, Inc.	279HC02/ 331HC02B/ 375IP02/ 386IP02/ 388IP02/ 456HC02C/ 503EM03/ 521-IP03/ 535EM03/ 536HC03B/ 548EM04B/ FC DDC 252I01/ FC DDC 253CM01/ FC DDC 434CD02/ FC DDC 530CD06B/ FDDC 466HC03B/ FDDC 505EM03/ FDDC 519HC03A/ FDDC 537HC04A/ FDDC 547HC03C/ N/A	93.630	557
Florida Developmental Disabilities Council, Inc.	FC DDC 97IP098	93.999	(1)
Flow Incorporated	N/A 93.999		36
Foundation for Children's Oncology Group	N/A	93.395	(7)
Fred Hutchinson Cancer Research Center	FHCRC 2002-5321-50	93.395	1
George Washington University	N/A	93.847	324
Gulf Coast Workforce Development Board	N/A	93.558	206
H. Lee Moffitt Cancer Center	2004-02	93.389	33
H. Lee Moffitt Cancer Center	FC LMC 2004-001	93.847	11
Harvard University	HE HAR 135888	93.242	13
Health Research, Inc.	HRI Ref. #2270-01	93.286	1
Hemophilia of Georgia	MCHB #5H30 MC 00011	93.110	3
Hemophilia of Georgia	5 H30 MC00011-14/ 5 H30 MC00011-15/ 5H76HA00088-12/ U27/CCU413118-07	93.914	220
Hillsborough County Board of County Commissioners	N/A	93.124	1
Hillsborough County Board of County Commissioners	N/A	93.252	39
Hillsborough County Board of County Commissioners	5960006161	93.910	152
Hillsborough County Board of County Commissioners	2H 89 HA 00024-12/ 6H 89 HA 00024-11/ BRH890024	93.914	2,377
Home Instruction Program	SR935	93.658	1
Hospice Institute of the Florida Suncoast	N/A	93.048	42
Hospital for Joint Diseases	HJD UF 3623-01/ HJD UF 3623-02	93.999	105
Indiana University	N/A 93.838		2
Innov ia, LLC	CK# 830/ N/A	93.394	32
Inse ct Biotechnology	N/A 93.856		47
Iowa State University	HE ISU A3-1195	93.999	3
Ix ion Biotechnology	N/A 93.999		135
Jackson Memorial Hospital	KH903	93.243	24
John Wayne Cancer Institute	JWCI MMVT-IIIP-51	93.395	2
Johns Hopkins University	820S-01771-X	93.173	24
Johns Hopkins University	290-01-0012	93.226	37
Johns Hopkins University	8009	93.395	64
Johns Hopkins University	U01 CA084973-01	93.399	26
Johns Hopkins University	8907/ JHU 8907-10587-X/ N/A	93.838	683
Johns Hopkins University	AG020688	93.866	22
Johns Hopkins University	7823;96248;14268	93.867	97
Joint Commission on Accreditation	N/A	93.226	10
Keele University	N/A 93.999		104
Kids Central, Inc.	N/A 93.556		289
Lay ton Bioscience	N/A 93.999		57
Lee County Schools	N/A 93.600		21
Leon County Board of Commissioners	5 G92 OA 00008	93.252	165
Leon School Readiness Coalition	FC LRC LG 10054	93.575	5
Lifequest Organ Recovery Service	N/A	93.134	106
Lutheran Services of Florida, Inc.	AREA 1-2003 HIV/AIDS	93.917	3
MACRO International	35126-3S-545	93.104	9
MACRO International	35049-0S-275/ 35064-0S-336	93.125	377
MACRO International	35014-2S-456	93.958	129
Massachusetts General Hospital	N/A	93.859	445
Massachusetts General Hospital	N/A	93.999	1

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Health and Human Services (Continued)			
May o Clinic	N/A 93.999		$ 31
May o Foundation	N/A 93.999		2
Medical College of Georgia	HE SGA NONE/ N/A	93.847	82
Medical College of Georgia	N/A	93.865	64
Medical College of Virginia	MCV 522657/PO P502/ MCV 524348/PO P552	93.853	112
Menorah Park Center for Senior Living	FC MPC NONE	93.866	2
Mental Health Association	N/A	93.982	5
Metaboli c Solutions	N/A 93.847		5
Metaboli c Solutions	N/A 93.999		62
Miami-Dade County	N/A 93.574		196
Minority Health Professions Foundation	U50/ATU398948-07/ U50/ATU398948-10/ U50/ATU473408-01	93.161	167
Montefi ore Medical Center N/A		93.113	13
Mount Sinai Medical Center	N/A	93.867	59
National Bureau of Economic Research	FL40-4071-00-085-538	93.999	4
National Childhood Cancer Foundation	N/A	93.395	320
National Childhood Cancer Foundation	N/A/ NCCF 10807/ NCCF 11165/ NCCF 11459/ NCCF 98543-1095	93.999	1,418
National Children's Center	1 U50 OH008107-01	93.262	5
National Collegiate Athletic Association	02-243/ 80-8101/ NYSPF 03-243	93.570	123
National Development & Research Inst	U01 DA016201	93.279	45
National Institute of Child Health	3 U01 HD424	93.865	5
National Youth Sports Corporation	N/A/ NYSPF 02-150/ NYSPF-03-150	93.570	62
New York University	P010459/P022295/F378	93.866	105
New York University School of Medicine	02-500	93.999	(1)
North Carolina State University	NCSU 2002-0238-02	93.999	3
North Dakota St University	46791	93.821	86
Northeast Florida Healthy Start Coalition, Inc.	1-H79-SP10223-01	93.230	82
Northeast Florida Healthy Start Coalition, Inc.	H49MC00051-03	93.926	78
Northern Illinois University	N/A	93.242	60
Northside Mental Health Center	001-569-8712-1-03	93.104	7
Nova Southeastern University	2 D39 HP00029-11/ 3-31319/ N/A	93.189	238
Orange County Government	6 H89 HA 00030	93.914	562
Orange County Health	OA710 93.006		47
Oregon Center for Applied Science BI	OCA NONE	93.999	11
Oregon Health and Sciences University	GPHPM0052A B	93.242	22
Oregon Social Learning Center	3 P30 MH46690-13S1	93.242	61
Ounce of Prevention	N/A 93.558		633
P.E .E.R. Center	N/A 93.125		10
P.E .E.R. Center	99251 93.999		30
Palm Beach County Board of County Commissioners	R2002 0632	93.130	1,693
Palm Beach County Health District	03-96/ HCD PBC/PB152	93.576	1
Pennsylvania State University N/A		93.286	115
Pennsylvania State University	HE SPA 2601-FSU-DHHS-8075	93.865	11
Pinellas County Schools	9OLO0068/01	93.577	21
Public Health Trust	N/A 93.252		18
Purdue University	N/A 93.262		51
Research Foundation of S.U.N.Y.	FC RFU 02-19	93.865	110
Research Institute for Children	FC CHN	93.847	12
RMR Technologies LLC	1 R41 RR16836-01A1	93.389	4
RMR Technologies LLC	1R43CA96201	93.395	2
Rockefeller University	HE ROU	93.999	13
Rutgers University	HE RUU S403745	93.866	10
Saneron CCEL Therapeutics	R41 NS0461550-01/ R41 NS046878-01	93.853	28
Saneron Therapeutics	R41NS4058301	93.853	1
Senior Solutions of Southwest Florida	333.04	93.045	96
Social & Scientific	SSS CPCR2 23 11	93.856	10
Som atocor, Inc.	N/A 93.999		49
South Florida Employment and Training Consortium WWW	-TKS-PY'02-01-00	93.558	101
Southw est Florida Addiction Services	N/A	93.243	39
Southw est Oncology	N/A 93.395		11
Southw est Oncology	N/A 93.399		2
Special Olympics	N/A 93.999		2
Stan ford University	N/A 93.999		104
State of Texas	529-00-080 93.999		24
State University of New York	1025853-2-25613	93.837	8
State University of New York	N/A	93.853	8
Suncoast Workforce Board Inc.	SWB Agreement 03-09	93.558	7
Sy racuse University	SU353-3436	93.821	15
Syracuse University	HE SYU 353-3457	93.865	8
Texas A&M Research Foundation	S020037	93.121	8
Texas A&M Research Foundation	S900292	93.155	9
Texas Tech University	TTUHSC#03LM020028N	93.999	38
The Children's Place at Home Safe	04-348/ IJ634	93.658	67

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Health and Human Services (Continued)			
Thomas Jefferson University	TJU 080-18035-R452	93.395	$ 19
Thomas Jefferson University	HE TJU 080-19550-PY0101	93.866	50
Tri-County Human Services 5UDITI11389-0	5	93.230	109
Unigene Laboratories Inc	1 R43DK06381201	93.847	14
United Negro College Fund	N/A	93.137	13
University of Alabama	N/A 93.121		44
University of Alabama	N/A 93.394		18
University of Alabama	N/A 93.855		2
University of Alabama	N/A 93.999		27
University of Alabama at Birmingham U3b/CCU300430		93.283	11
University of Alabama at Birmingham	5 U01 HD40533-04	93.865	139
University of California	HE CSA SA4337-29613PG/ N/A	93.242	35
University of California	AGREEM # 3655 SC	93.853	11
University of California	00RA50	93.859	48
University of California - San Diego	10207758	93.837	15
University of California - San Diego	10213659-002	93.866	31
University of California Los Angeles	0865 G AE026	93.389	11
University of Cincinnati	N/A 93.853		35
University of Colorado	N/A 93.172		3
University of Colorado	N/A 93.242		147
University of Colorado	5 R01 AI39213-07/ N/A/ R01 AI39213-08	93.855	55
University of Delaware	DE 524660	93.865	30
University of Illinois	02-211 93.600		82
University of Illinois	HE SIL 02-127	93.865	36
University of Kansas	N/A 93.866		52
University of Kansas	N/A 93.999		27
University of Kentucky	UKRF 4-72175-04-17	93.279	93
University of Louisville	N/A 93.121		39
University of Louisville	N/A 93.853		46
University of Maryland	Z 182802	93.242	7
University of Maryland	S01459	93.879	5
University of Maryland	S00896	93.991	17
University of Maryland	HE SMD S01693/ N/A	93.999	15
University of Memphis	OR3643-002.01	93.279	18
University of Miami	660198 93.286		115
University of Miami	M752 93.395		55
University of Miami	ER 1027753/ H-660021	93.847	262
University of Miami	M663828 93.856		1
University of Miami	2R25GM50083-03	93.859	28
University of Miami	HE UOM/ HE UOM 660131/ HE UOM 660151/ HE UOM P.O.# M676425	93.866	123
University of Miami	LD085 93.959		37
University of Miami	1 U01 NS046295-01/ 668836/ ES-03-003/ M754	93.999	176
University of Michigan	N/A 93.279		29
University of Michigan	N/A 93.396		15
University of Michigan	N/A 93.866		51
University of Michigan	N/A 93.999		4
University of Minnesota	HE SOM B6376345107/ HE SOM PO# B6376345106	93.242	29
University of Minnesota	HE SOM B6376363108	93.286	37
University of Minnesota	U6416/ U6416095201	93.846	5
University of Minnesota	N/A 93.999		49
University of Nebraska	N/A 93.121		79
University of New Mexico	4-13273-7810/ UNM 4-13273-7810	93.395	52
University of North Carolina	N/A	93.839	109
University of North Carolina	UNC5-31813	93.859	39
University of North Carolina	NOIMH 90001/ PC359	93.999	57
University of North Texas	71053	93.853	12
University of North Carolina	UNC 5-31165	93.999	4
University of Pennsylvania	540240-A	93.121	2
University of Pennsylvania	5-398/ N/A	93.389	65
University of Pennsylvania	5-358	93.394	37
University of Pennsylvania	5-32217/ 535592/ 536548	93.846	111
University of Pennsylvania	N/A	93.849	40
University of Pennsylvania	534579D	93.853	162
University of Pennsylvania	536448	93.865	94
University of Pennsylvania	5-U10-EY12279-06	93.867	92
University of Pittsburgh	U01 HD042444	93.865	220
University of Pittsburgh	N/A 93.999		56
University of Rochester	UR#: 28971	93.242	13
University of Rochester	N/A 93.853		238
University of South Carolina	04-0896/PO#32222J	93.006	38
University of South Carolina	04-0977	93.244	3
University of South Carolina	PO#32389J	93.938	100

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA NUMBER	2003-2004 EXPENDITURES (in thousands)
U. S. Department of Health and Human Services (Continued)			
University of Texas	5 R21 CA91518-02	93.395	$ 24
University of Texas	GMO-010102/ N/A	93.855	328
University of Texas	HE STX UTA03-097	93.865	31
University of Texas - Southwestern	GMO-010102	93.855	13
University of Utah	23050 93.853		17
University of Utah	99071 93.865		28
University of Virginia	HE UOV GC10641/ HE UOV GC10988.119468	93.859	260
Univ ersity of Washington	N/A	93.121	171
Univ ersity of Washington	N/A	93.865	69
Utah State University	N/A 93.110		4
Ut ica College	1-037HP00892-01 93.191		4
Vanderbilt University	VUMC CA #8740	93.393	35
Vanderbilt University	5R25-GM60190-03/ DASG60-02-C-0048	93.859	4
Vanderbilt University	HE VBU 16997-S1	93.865	8
Vanderbil t University	16948-S2 93.242		6
Veterina ry Medical Solutions	N/A	93.999	7
Wake Forest University	N/A 93.837		12
Wa shington University	N/A 93.394		508
Washington University	PO NO. 29670G WU-HT	93.837	20
West Central Fl Area Agency on Aging	2004 OA A	93.052	99
We stat, Inc.	N/A 93.145		2,091
We stat, Inc.	G61948 93.865		119
We stat, Inc.	N/A 93.999		39
Workforce Development Brd of Flagler & Volusia Co	N/A	93.558	6
W orkforce One	2003-04-CR-WIA-WTP-2610-IBT/OJT	93.558	235
W orkNet Pinellas	N/A 93.558		726
XION Biotechnology	N/A 93.847		9
Total - U. S. Department of Health and Human Services			$ 31,323
U. S. Corporation for National and Community Service			
American Association of Community Colleges	N/A	94.005	2
C C Natl Center for Comm Engagement	N/A	94.005	16
Campus Compact Natl Center for C.C.	00LHEAZ047	94.005	14
Home Instruction Program	N/A	94.006	3
Jumpstart	FC JPT ENTER BB PROJ #300100	94.006	32
J umpstart	FC JPT	94.999	1
Temple University	00LHEPA028 94.005		1
University of Maryland	01ADNMD0100501/ 02ADNMD0100501	94.006	77
University of North Carolina	HE SNC 5-55576	94.005	2
Volunteer Florida	00ASCFL0101801/ 03AC031182	94.006	547
Total – U. S. Corporation for National and Community Service			$ 695
U. S. Department of Homeland Security			
Miami Dade County	R-1156-02	97.039	156
Voluntee r Florida	N/A 97.039		5
Total – U. S. Department of Homeland Security			$ 161
U. S. Agency for International Development			
Family Health International	N/A	98.999	185
Georgetow n University	FCCJ-RX2-5-846-02-C	98.999	254
Institute of International Education	N/A	98.999	72
University of Georgia	RC 710-0/ RD309-022/4092174/ UGA RC71	98.999	154
University of Hawaii	N/A 98.999		225
University of Illinois	04-23 98.999		70
Total – U. S. Agency for International Development			$ 960
Indirect Total Federal Awards Expenditures			**$ 79,011**

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EXHIBIT
OTHER REPORTS

The Auditor General reports listed below include findings and information that may enhance the reader's understanding of the State of Florida's administration of Federal awards:

Report Type/Number	Report Title	Date of Report
Information Technology Audit No. 2005-118	*Unemployment Insurance Program Agency for Workforce Innovation Department of Revenue State Technology Office*	February 2005
Information Technology Audit No. 2005-115	*Department of Revenue Florida On-Line Recipient Integrated Data Access System Child Support Enforcement Component*	February 2005
Operational Audit No. 2005-119	*Department of Children and Family Services Independent Living*	January 2005
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