



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, 2005

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, 2005, 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, 2005. This was considered to be a material weakness in internal control. (Finding No. FS 05-01)
- The **Agency for Workforce Innovation** did not have adequate internal controls at year-end to ensure that amounts reported as taxes receivables and related allowance accounts were in accordance with generally accepted accounting principles. (Finding No. FS 05-02)

Other internal control matters, which are of lesser significance than reportable conditions, were noted.

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 Centers for Disease Control and Prevention – Investigations and Technical Assistance, Foster Care - Title IV-E, and HIV Care Formula Grants 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.

Centers for Disease Control and Prevention – Investigations and Technical Assistance. The **Department of Health** did not maintain records of time worked to support salary costs charged for 9 of 16 employees. (Finding No. FA 05-057)

Foster Care – Title IV-E. The **Department of Children and Family Services** and contracted **Community-Based Care Agencies** did not properly document, in 10 of 40 cases reviewed, the determination of eligibility of children for which payments were made. (Finding No. FA 05-070)

HIV Care Formula Grants. The **Department of Health** failed to properly document, in 14 of 40 cases reviewed, the determination of clients to receive AIDS Drug Assistance Program assistance. (Finding No. FA 05-076)

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 **Centers for Disease Control and Prevention – Investigations and Technical Assistance, Foster Care – Title IV-E, and HIV Care Formula Grants** described in the previous paragraphs on compliance were considered to be material weaknesses in internal control.

Schedule of Expenditures of Federal Awards

The accompanying *Schedule of Expenditures of Federal Awards* for the fiscal year ended June 30, 2005, 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 2004-05 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, 2005. Expenditures for the major programs totaled approximately \$22.2 billion, or 91 percent of the total expenditures of \$24.4 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, 2005, 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) 487-9060.

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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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, 2005, which collectively comprise the State of Florida's basic financial statements and have issued our report thereon dated February 8, 2006. 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 initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in finding Nos. FS 05-01 and FS 05-02 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 05-01 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 noted certain additional matters involving the State's internal control over financial reporting, which are of lesser significance than reportable conditions, that we reported to management as finding Nos. FS 05-03 through FS 05-07 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
February 8, 2006



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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, 2005. 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 basic financial statements include the operations of component units that received Federal awards during the fiscal year ended June 30, 2005, 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.

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.

As described in finding Nos. FA 05-057, FA 05-070, and FA 05-076 in the accompanying Schedule of Findings and Questioned Costs, the State of Florida did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Centers for Disease Control and Prevention – Investigations and Technical Assistance Program (CFDA No. 93.283), Activities Allowed or Unallowed and Eligibility that are applicable to its Foster Care – Title IV-E Program (CFDA No. 93.658), and Eligibility that are applicable to its HIV Care Formula Grants (CFDA No. 93.917). 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 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, 2005. 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 05-:

006	017 through 021	028	033 through 036
039	041 and 042	046	050 and 051
054	056 through 059	061 through 063	066 and 067
069 through 074	076	078	082 and 083
085	088 through 118	121 through 133	

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 05-:

001	003 through 018	020	022 through 027
029 through 032	034 and 035	037 through 061	063 through 084
086 through 090	093 through 095	098	100
104	110	113 and 114	119 and 120
127	129		

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

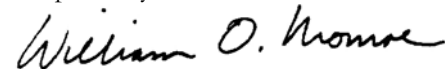
disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding Nos. FA 05-057 [Centers for Disease Control and Prevention – Investigations and Technical Assistance (CFDA No. 93.283)], FA 05-070 [Foster Care – Title IV-E Program (CFDA No. 93.658)], and FA 05-076 [HIV Care Formula Grants (CFDA No. 93.917)] to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic 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, 2005, and have issued our *Independent Auditor's Report on Financial Statements* dated February 8, 2006. 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. 40 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 16, 2006

(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 February 8, 2006)

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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?	<u>Yes</u>
Reportable conditions identified that are not considered to be material weaknesses?	<u>Yes</u>
Type of report the auditor issued on compliance for major programs:	<u>Qualified (2)</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	<u>Yes</u>
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$36,600,127</u>
Auditee qualified as low-risk auditee?	<u>No</u>

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 05-01)
(2) This report is qualified with respect to the matters described in finding Nos. FA 05-057, FA 05-070, and FA 05-076.

MAJOR PROGRAMS
Fiscal Year Ended June 30, 2005

Name of Federal Program or Cluster	CFDA Number(s)	Total Expenditures
Food Donation	10.550	\$ 53,155,787
Food Stamp Cluster (1)	10.551 & 10.561	1,687,821,185
Community Development Block Grants - State's Program	14.228	34,114,134
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	55,229,730
Employment Service Cluster (1)	17.207, 17.801 & 17.804	49,313,717
Unemployment Insurance	17.225	1,028,501,676
Workforce Investment Act Cluster (1)	17.258, 17.259 & 17.260	178,810,906
Highway Planning and Construction	20.205	1,900,606,320
Capitalization Grants for Clean Water State Revolving Funds	66.458	68,398,849
Capitalization Grants for Drinking Water State Revolving Funds	66.468	10,907,458
Adult Education - State Grant Program	84.002	29,275,753
Title I Grants to Local Educational Agencies	84.010	559,741,631
Special Education Cluster (1)	84.027 & 84.173	588,242,129
Federal Family Education Loans (FFEL) (3) (4)	84.032	1,335,666,585
Vocational Education - Basic Grants to States	84.048	53,798,504
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	121,106,569
21st Century Community Learning Centers	84.287	38,136,616
Reading First State Grants	84.357	53,719,587
Improving Teacher Quality State Grants	84.367	132,867,223
Aging Cluster (1)	93.044, 93.045, & 93.053	74,919,761
Immunization Grants	93.268	81,538,261
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	47,270,273
Temporary Assistance for Needy Families	93.558	621,911,324
Child Support Enforcement	93.563	186,478,409
Refugee and Entrant Assistance - State Administered Programs	93.566	70,958,188
Child Care Cluster (1)	93.575 & 93.596	385,959,676
Foster Care - Title IV-E	93.658	137,304,139
Adoption Assistance	93.659	51,249,663
Social Services Block Grant	93.667	160,325,829
State Children's Insurance Program	93.767	305,468,636
Medicaid Cluster (1)	93.775, 93.777 & 93.778	8,423,396,539
HIV Care Formula Grants	93.917	116,314,448
Block Grants for Community Mental Health Services	93.958	24,867,553
Block Grants for Prevention and Treatment of Substance Abuse	93.959	102,866,974
Disability Insurance - Supplemental Security Income Cluster (1)	96.001 & 96.006	93,761,560
State Domestic Preparedness Equipment Support Program	97.004	52,319,271
Disaster Grants - Public Assistance	97.036	1,092,532,128
Hazard Mitigation	97.039	28,040,221
Student Financial Assistance Cluster (1)	(2)	1,562,261,786
Research and Development Programs Cluster (1)	(2)	553,989,819
Total		\$ 22,153,148,817

- 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 2004-05 fiscal year totaling \$1,198,647,476. 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, 2005, disclosed reportable conditions over financial reporting 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 are included in this section of the report as finding Nos. FS 05-01 and FS 05-02 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 initiate, record, process, 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.

We also noted matters involving deficiencies in the internal control over financial reporting that are of lesser significance than reportable conditions and deficiencies in processes necessary to the preparation of the Schedule of Expenditures of Federal Awards. These findings are also included in this section of the report as finding Nos. FS 05-03 through FS 05-07 and are categorized as Other Financial Reporting Matters.

REPORTABLE CONDITION – MATERIAL WEAKNESS
LAND AND OTHER NON-DEPRECIABLE ASSETS

Finding Number	FS 05-01
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, 2005, was not adequately supported by records documenting ownership and valuation.
Criteria	Generally accepted accounting principles require that land be recorded at historical cost.
Condition	Although improvements were noted in the records of the Board of Trustees of the Internal Improvement Trust Fund, records are not adequate to document the ownership and valuation of a substantial portion of land reported within governmental activities at June 30, 2005. FDEP land represents 27.5 percent of the total amount reported on the Governmental Activities financial statement line item "Land and Other Non-Depreciable Assets." It also represents 7.6 percent of total Capital Assets reported.
Cause	In response to prior year finding No. FS 04-01 and audit report No. 2004-119, the Department implemented a process during fiscal year 2003-2004 to reconcile and resolve significant differences between land records evidencing ownership and records used for financial reporting purposes. Significant progress in resolving the differences has been made; however, material unresolved differences between the sets of records still existed at June 30, 2005.
Effect	The accuracy of the value of land reported at June 30, 2005, 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.
State Agency Response and Corrective Action Plan	<p>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 also been implemented to ensure these acquisitions, exchanges and disposals are timely recorded in land records evidencing ownership (BTLDS), and are readily identifiable and reconcilable between the FLAIR Property Subsystem and BLTDS.</p> <p>The FDEP Bureau of Finance and Accounting (BFA) performs reconciliations and tests periodically and at year end to ensure that these policies and procedures are effective to ensure that current acquisitions and disposals are timely recorded in both the FLAIR Property Systems and BTLDS. Regarding historical records, FDEP has reconciled 99% of items over \$1 million in the FLAIR Property Subsystem to BTLDS. These items have been coded with the BLA# in both systems, so that items are easily matched between the two systems. BFA has initiated ongoing procedures to match the remaining historical records and to ensure that amounts recorded in FLAIR are documented by evidence of ownership in the BTLDS system.</p>

**Agency Contact and
Telephone Number**

Lynda Watson, Chief of Finance and Accounting
(850) 245-2420

**Estimated Corrective
Action Date**

A review of ownership records for the 272 items over \$1 million that were recently
matched will also be completed by June 30, 2006.

REPORTABLE CONDITION
NET RECEIVABLES

Finding Number	FS 05-02
Opinion Unit	Unemployment Compensation Fund
SW Fund Number	507501
State Agency	Florida Agency for Workforce Innovation (FAWI)
OLO-GF-SF-FID	750000-50-2-767002
GL Code(s)	152, 153, 159
Adjustment Amount	\$370,923 (Net)

Finding Established procedures used to calculate receivables for Unemployment Compensation (UC) taxes, interest, and penalties were not in compliance with generally accepted accounting principles and Florida law. Additionally, errors were made in determining the UC Fund receivable and the allowance account at June 30, 2005; undetermined amounts of UC receivables were not initiated, recorded, processed, and reported by FAWI at June 30, 2005; and appropriate reconciliations were not performed.

Criteria Generally accepted accounting principles require the use of the accrual basis of accounting to report receivable balances, net of estimated uncollectible amounts. Sections 443.141(1)(a) and (b), Florida Statutes, govern the assessment and collection of UC taxes, interest, and penalties on delinquent UC taxes and reports. Effective internal controls over financial reporting provide for timely and complete reconciliations and accurate reporting of accounts receivable.

Condition With regard to the UC Fund receivable and allowance account, we noted deficiencies that adversely affect FAWI's ability to initiate, record, process, and report financial data. Also, based on our test of UC receivables (for 20 employers or 53 quarters), undetermined amounts of UC taxes, penalties, and interest receivables were not initiated, recorded, processed, and reported by FAWI at June 30, 2005. Specifically, we noted:

- Established procedures provide for interest on delinquent UC taxes to be established and charged to employers when a tax payment is made and, consequently, do not provide for the accrual of interest at June 30. Test results disclosed that interest was not accrued for 12 applicable employers or 31 quarters that had UC tax balances at June 30, 2005.
- Established procedures provide that assessments for delinquent UC taxes for the first quarter of the calendar year be made 80 days after the due date resulting in the assessment for the quarter ended March 31 being made in the month of July. Consequently, established procedures do not provide for the accrual of the first quarter of the calendar year's assessment of UC taxes, penalties, and interest at June 30, 2005. Test results disclosed that UC taxes, penalties, and interest were not assessed and accrued for 8 applicable employers or 8 quarters at June 30, 2005.
- FAWI used preliminary report figures as a basis for the calculation of estimated UC taxes receivable for the quarter ended June 30, 2005, resulting in the reported amount being overstated by \$10,074,135.
- FAWI's process for determining the UC taxes receivables at June 30, 2005, did not separately identify UC tax overpayments owed to employers as accounts payable. Rather, these overpayments totaling \$9,703,212 were netted against UC taxes receivables.

- FAWI did not have procedures to establish and record an allowance for uncollectible amounts of the interest receivable at June 30, 2005. As a result, the allowance account was understated.
- Established procedures require that interest for delinquent UC tax accounts be calculated “at one percent per full month” instead of using the rate specified in Florida law (1 percent per month), which would include partial months. For 7 applicable employers or 8 quarters that had recorded UC interest receivable at June 30, 2005, test results disclosed that interest was only calculated at 1 percent per full month.
- Established procedures require penalties for employers with delinquent UC tax reports to be assessed at a rate of \$25 for each month, or fraction thereof. However, Florida law requires that the penalty be assessed at a rate of \$25 for each 30-day period, or fraction thereof.
- Established procedures allow for the assessment of the penalty for delinquent UC tax reports to stop when the final assessment notices are issued to the employers. However, Florida law requires the penalty to continue until: (1) a UC tax report is filed, (2) FAWI or its contracted service provider [i.e., Florida Department of Revenue (FDOR)] finds the employer has or had good reason for failure to file the UC tax report, or (3) the penalty is waived when it is determined to be inequitable. Test results disclosed that UC penalties were assessed at a rate of \$25 for each month, or fraction thereof, through the date of the issuance of the final assessment notices for 8 applicable employers or 24 quarters.
- Test results also disclosed errors such as penalties and interest not assessed or assessed in error for 5 employers or 6 quarters.
- For the fiscal year ended June 30, 2005, a reconciliation between the UC Tax Registration Accounting Information Network (TRAIN) subsystem and FAWI Departmental FLAIR (i.e., State’s accounting records) was not performed nor was a reconciliation of the UC Benefits subsystem and FAWI Departmental FLAIR performed.

Cause	Procedures do not provide for proper reporting in accordance with generally accepted accounting principles. Additionally, established procedures were developed based on management’s differing interpretation of Florida law. Management has not established procedures to perform timely and complete reconciliations.
Effect	As a result of established procedures used to calculate receivables for UC taxes, interest, and penalties not being in compliance with generally accepted accounting principles and Florida law and other errors described above, the UC Fund receivable and the allowance account at June 30, 2005, were misstated. However, except for the two instances [\$10,074,135 and (\$9,703,212)], it was not practicable on audit to determine the amount of the misstatement. Lack of timely and complete reconciliations increases the risk that errors or fraud would not be timely detected.
Recommendation	We recommend that FAWI improve its policies and procedures to ensure compliance with generally accepted accounting principles. We also recommend that FAWI, in consultation with FDOR and their legal counsels, initiate changes to its policies and procedures and its contracted service provider’s (i.e., FDOR’s) policies and procedures, as necessary, to ensure compliance with Florida law. Should FAWI need additional guidance, management may find it necessary to consult with the Florida Legislature. In addition, we recommend that FAWI perform timely and complete reconciliations.

State Agency Response and Corrective Action Plan

Bullets 1, 2, 6, 7, and 8. FAWI Unemployment Compensation program staff, FAWI Finance and Accounting staff, and Department of Revenue (FDOR) program staff will work together to determine the practicality of modifying the system and the current business process. Factors to be evaluated will be impact and feasibility of modifying the system, the impact to employers, and the cost of implementing and operating the new process.

If it is determined to be advantageous and cost effective to make the suggested changes, then such changes will be implemented. However, if it is determined that the optimal alternative is to continue the current process, then Legislative assistance will be sought by FAWI to clarify and/or modify existing statutory guidance.

Bullet 3. FAWI Finance and Accounting will revise procedures to ensure that only final figures are used to estimate taxes receivables for June 30.

Bullet 4. FAWI Unemployment Compensation program staff, FAWI Finance and Accounting staff, and FAWI Information Technology staff will work with FDOR program staff to develop a method for capturing and reporting the amounts payable to employers separate from the amounts receivable to an employer.

Bullet 5. FAWI Finance and Accounting staff will work with appropriate FAWI Unemployment Compensation program staff to develop a method for estimating the uncollectible amounts of interest receivable at June 30. Accordingly, FAWI Finance and Accounting will revise their procedures to incorporate the new process.

Bullet 9. FAWI has been advised that FDOR will continue to monitor penalty and interest calculations to ensure compliance with Florida law.

Bullet 10. TRAIN Reconciliation: Significant progress has been made towards a reconciliation with the development of key reports from the TRAIN system. FAWI will continue to work towards developing the final reports necessary to perform the reconciliation. When complete, FAWI Finance and Accounting will begin the monthly reconciliation between the two systems.

UC Benefits Reconciliation: In fiscal year 2005/2006, FAWI Finance and Accounting staff began performing daily and monthly reconciliations between the UC Benefits (UCB) system and FLAIR for various business and accounting events, such as disbursements, cancellations, etc. The reconciliations were facilitated by the development of new reports which became available in June and July 2005.

In fiscal year 2004/2005, though no formal reconciliations were performed on a comprehensive basis for the entire UCB system and all the business and accounting events, there are numerous controls in place which ensured the amounts reflected in UCB system were reflected in Departmental FLAIR.

It is FAWI's belief that a comprehensive, all encompassing reconciliation of the myriad of activities in the UC Benefit system would not be feasible. The transactions are specialized and performed at different intervals and frequencies throughout the month. Such a modular and multi-functional system dictates that review and reconciliation be performed for each process individually.

FAWI will continue to work with FAWI UC program staff to develop procedures for reconciling the various business and accounting events between the two systems to ensure they are in sync. Additional reports are still in development which will allow for additional reconciliations to be prepared.

**Agency Contact and
Telephone Number**

Wayne Summerlin
(850) 245-7348

**Estimated Corrective
Action Date**

June 30, 2007, pending the outcome of legislative changes that might be proposed.

OTHER FINANCIAL REPORTING MATTERS

CLAIMS LIABILITY

Finding Number	FS 05-03
Opinion Unit	Various
SW Fund Number	100000 (General Fund), 201000 (Employment Services), and 900000 (General Long-Term Debt Account)
State Agency	Florida Department of Financial Services (FDFS)
OLO-GF-SF-FID	430000
GL Code(s)	315, 498 (Insurance Liability)
Adjustment Amount	\$944,784.00, \$15,710,200.85, \$238,949,066.85, and \$100,274,779
Finding	The Department's Bureau of Financial and Support Services' (Bureau) procedures were not followed to ensure actuarially determined claims liabilities were timely recorded and reported in accordance with generally accepted accounting principles (GAAP).
Criteria	With respect to risk management claims, GAAP require that, for governmental funds, claims against current financial resources should be reported as governmental fund liabilities; while unmatured long-term indebtedness, including claims liabilities not yet due for payment, should be reported as general long-term liabilities. GAAP further require that liabilities should be recognized as governmental fund liabilities and expenditures to the extent that liabilities are normally expected to be liquidated with expendable available resources. Established Department procedures also reflect such requirements.
Condition	An actuarial valuation is obtained annually through contracted actuaries to provide total liability estimates for State risk management activities. In connection with the final valuation of estimated liabilities, as reported by contracted actuaries, the Bureau did not, for external financial reporting purposes, propose or prepare adjusting entries to record claims liabilities and related expenditures. Such adjusting entries would be associated with the State Risk Management Trust Fund's property and casualty insurance coverage and the Special Disability Trust Fund's workers' compensation coverage.
Cause	Bureau procedures relevant to the external financial reporting of claims liabilities were not followed.
Effect	Current liabilities and expenditures were, prior to audit adjustments, understated by \$945,000 in the General Fund (State Risk Management Trust Fund) and overstated by \$15.7 million in the Employment Services Fund (Special Disability Trust Fund). Similarly, prior to audit adjustments, current and noncurrent claim liabilities and expenditures reported in the governmental-wide financial statements were understated by approximately \$339 million.
Recommendation	We recommend the FDFS follow its procedures for timely recording and reporting actuarially determined claims liabilities.
State Agency Response and Corrective Action Plan	As noted, the adjusted financial statements were properly presented for FY 2004/2005. FDFS will ensure adjustments are made timely to reflect actuarial valuations.
Agency Contact and Telephone Number	Teresa M. Wood (850) 413-3890
Estimated Corrective Action Date	January 31, 2006

OTHER FINANCIAL REPORTING MATTERS

DEPOSITS AND INVESTMENTS

Finding Number	FS 05-04
Opinion Unit	Component Units
SW Fund Number	151000, 253710, 253721, 253722, 253723, 253724, 554601, 555201
State Agency	Florida Department of Financial Services (FDFS)
GL Code(s)	112, 146, 147, 247
Finding	FDFS did not timely notify affected discretely presented component units of the requirements to early implement new reporting standards relating to deposit and investment risk disclosures.
Criteria	In accordance with generally accepted accounting principles (GAAP), the primary government and all discretely presented component units included in the Comprehensive Annual Financial Report (CAFR) must consistently implement applicable new reporting standards. For example, GASB Statement No. 40, <i>Deposit and Investment Risk Disclosures</i> , is effective for financial statements for periods beginning after June 15, 2004. Early implementation of this and future reporting standards may be required for discretely presented component units with fiscal year end dates different from their primary government. The primary government is responsible for timely notifying discretely presented component units when early implementation is required for inclusion in the primary government's CAFR. Such notice should allow for each affected discretely presented component unit to incorporate necessary changes to its audited financial statements.
Condition	<p>The State of Florida was required to implement GASB Statement No. 40, relating to deposit and investment risk disclosures, in the CAFR for the fiscal ended June 30, 2005. The CAFR includes discretely presented component units with differing fiscal year end dates of September 30, 2004 and December 31, 2004. Discretely presented component units with fiscal years beginning prior to June 15, 2004, were not required to early implement the reporting standards, absent notification from the primary government that early implementation was required.</p> <p>On March 17, 2005, the Statewide Financial Reporting Section (SFRS) notified the discretely presented component units that implementation of new reporting standards relating to deposit and investment risk disclosures was required for compilation of the State's CAFR. For those discretely presented component units with fiscal year end dates of September 30, 2004, and December 31, 2004, the notification was not made in a timely manner for the audited financial statements to include the additional disclosures. Therefore, the SFRS relied on unaudited supplemental information provided by these discretely presented component units to complete the new disclosures.</p>
Cause	The SFRS procedures to notify the affected discretely presented component units of the need to early implement reporting standards related to deposit and investment risk disclosures were not performed in a timely manner.
Effect	Although the discretely presented component units submitted additional financial-related data to the SFRS for the new disclosures, a reconciliation of such data to audited financial statements could not be performed because of the absence of such information in the audited financial statements. As a result, it was not practicable in the circumstances to determine the adequacy of such disclosures in the CAFR.

Recommendation	We recommend that the SFRS enhance its procedures to ensure that each affected discretely presented component unit is timely notified for implementation of new standards.
State Agency Response and Corrective Action Plan	We concur with the recommendation. It is also noteworthy that auditors of separately issued component unit financial statements have the responsibility to ensure new standards are timely implemented. We rely on those audited financial statements to comply with standards but concur that better communication will improve early implementation issues with component units that have different fiscal year ends.
Agency Contact and Telephone Number	Timothy Hsieh (850) 413-5746
Estimated Corrective Action Date	Fiscal year ending June 30, 2007

OTHER FINANCIAL REPORTING MATTERS
OVERSTATEMENT OF INVESTMENT INCOME
AND EXPENSES OR EXPENDITURES

Finding Number	FS 05-05
Opinion Unit	Various
SW Fund Number	739999 (Pension Fund); 728841 (Lawton Chiles Endowment Fund)
State Agency	State Board of Administration (SBA)
OLO-GF-SF-FID	840000
GL Code(s)	Various
Adjustment Amount	Dividend Income – GL 67620: \$186,959,360.75; Interest Income – GL 67610: \$10,551,475.55; Investment Activity Expenses – GL 77200: \$197,510,836.50; Interest and Dividends – GL 61500: \$4,087,733.79; and Expenditures – GL 71100: \$4,087,733.79
Finding	In September 2004, the SBA began utilizing a new investment accounting system (IAS). SBA uses an on-line service to download interest and dividend rates into its IAS through an overnight feed. In these downloads, interest and dividend rates for securities valued in GBP (Great British Pounds) were sometimes quoted in GBp (Great British pence). In these instances, the IAS interpreted the GBp rate quotation as GBP, thereby resulting in an overstatement of revenue by a factor of 100 (100 GBp equals 1 GBP). When the actual cash for these transactions was received, the difference between the revenue calculated and the cash collected was automatically recorded to an expense or expenditure account rather than as a reduction of revenues. As a consequence, both revenues and the applicable expense or expenditure accounts were overstated by a factor of 100, or a total of approximately \$200 million.
Criteria	GAAP Revenue Recognition and Valuation
Condition	The SBA overstated interest and dividend revenues and expenses or expenditures.
Cause	The SBA used the incorrect rate (i.e. – GBP instead of GBp) to calculate and record the interest and dividend revenues due for securities valued in GBP.
Effect	The use of the incorrect rate and the resulting incorrect SBA entries caused an overstatement of dividend and interest revenue in the Florida Retirement System Trust Fund of \$186,959,360.75 and \$10,551,475.55, respectively. Additionally, investment activity expenses were overstated by \$197,510,836.50. For the Lawton Chiles Endowment Fund, investment earnings were overstated by \$4,087,733.79 and general government expenditures were overstated by \$4,087,733.79.
Recommendation	The SBA should ensure that the proper exchange rate is applied to the calculation of interest and dividend revenues for those transactions quoted in GBp. Furthermore, for transactions in which interest and dividend revenue is overstated, corrections should be made to reduce the related revenue account rather than to increase an expense or expenditure account.
State Agency Response and Corrective Action Plan	The net effect to the financial statements of the above adjustments is zero. The data feed to our IAS for dividends, interest, and exchange rates for GBP/GBp has been modified to distinguish between Pounds (GBP) and Pence (GBp). Also, the interface between our IAS and GL systems has been modified to reduce the related revenue account (dividends or interest) should an income receivable be settled for less than the full receivable amount.

**Agency Contact and
Telephone Number**

Gwenn Thomas, Chief Operating Officer
(850) 413-1393

**Estimated Corrective
Action Date**

01/17/2006

OTHER FINANCIAL REPORTING MATTERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Finding Number	FS 05-06
State Educational Entity	Florida International University (FIU)
Finding	The institution did not have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were classified correctly, complete and accurate, and supported by the accounting records. Consequently, there were instances where the institution did not report, or misstated, Federal award expenditures on the SEFA. In addition, the institution did not provide required information to pass-through entities reported on the prior year SEFA. Total expenditures reported on the institution's SEFA were \$148,415,420.
Criteria	OMB Circular A-133, Section .310 (b) and .320(e)(2)
Condition	<p>We noted the following errors regarding the SEFA:</p> <ul style="list-style-type: none"> • For 19 programs with expenditures totaling \$918,845, the institution reported duplicate expenditures. Subsequent to audit inquiry, the SEFA was corrected and resubmitted. • Title IV HEA Student Financial Assistance program expenditures, totaling \$97,236,439, were omitted from the initial SEFA submission. Subsequent to audit inquiry, the SEFA was corrected and resubmitted. • For 32 programs, expenditures totaling \$2,472,727 were omitted from a subsequently revised submitted SEFA. • For 18 programs, expenditures totaling \$834,673 were reported as Federally-funded when, in fact, the programs were either State or institution funds. Subsequent to audit inquiry, the SEFA was corrected and resubmitted. • Although the institution had subrecipient expenditures totaling \$2,783,015, the expenditures were not reported in the original SEFA submission. In addition, \$185,910 in subrecipient payments was not classified to the correct accounts in the institution's accounting records. As a result, these expenditures were not reported on the SEFA as subrecipient payments. Subsequent to audit inquiry, the SEFA was corrected and resubmitted. • For 8 of 17 programs tested, incorrect CFDA numbers were reported, although grant award documentation indicated the appropriate CFDA number. There was no documented evidence that an effort was made by the institution to obtain CFDA numbers and, as a result, approximately 37 percent of the programs reported on the SEFA were classified as Other Federal Awards. Subsequent to our audit inquiries, the institution informed us of the drafting of a policy to address this issue. • The institution initially reported Federal programs in one of two clusters, Research and Development or Student Financial Assistance. There are numerous other clusters, but the institution did not determine which programs should have been reported in other clusters, until subsequent to audit inquiry. Subsequent to audit inquiry, the SEFA was corrected and resubmitted. <p>We also noted that the institution did not provide the required information to pass-through entities reported on the 2003-04 fiscal year SEFA. The institution is required to provide the name, amount, and CFDA number of the Federal</p>

	award(s) provided by the pass-through entity soon after the A-133 audit is released. The 2003-04 fiscal year Federal audit was released in March 2005.
Cause	The institution implemented a new accounting system on July 1, 2004, but had not implemented adequate procedures to detect all reporting errors on the SEFA. In addition, the institution did not have procedures to provide information to pass-through grantors to ensure compliance with OMB Circular A-133.
Effect	When new accounting software is implemented without adequate monitoring procedures, errors may occur without detection, resulting in the institution including inaccurate or incomplete information on the SEFA.
Recommendation	The institution should implement adequate procedures to ensure that all Federal programs reported on the SEFA are classified correctly, and that amounts reported on the SEFA are complete, accurate, and supported by the accounting records. The institution should also comply with indirect grantor notification requirements.
FIU Response and Corrective Action Plan	The Office of Sponsored Research Administration (OSRA) has established a review process for all grant and contract data to ensure the accuracy of information incorporated into the financial system and the database maintained for applications and awards. The data is reviewed on a monthly basis to identify discrepancies and missing data. Items identified in the monthly review will be corrected in the month identified. CFDA numbers will be identified for each project and the process of identifying the CFDA number will be documented in the Contract and Grant file. All financial data reported in the SEFA will be reconciled to the University financial system prior to submitting the SEFA. Indirect grantors will be notified of the A-133 report results.
FIU Contact and Telephone Number	Joseph Barabino, Associate Vice President, Office of Sponsored Research Administration, (305) 348-0176
Estimated Corrective Action Date	April 30, 2006

OTHER FINANCIAL REPORTING MATTERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Finding Number	FS 05-07
State Educational Entity	University of Florida (UF)
Finding	The institution did not have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were complete and accurate, and that the underlying accounting records were reliable. Consequently, there were instances where the institution did not report, or misstated, Federal award expenditures on the SEFA. Total expenditures reported on the institution's SEFA were \$518,353,919.
Criteria	OMB Circular A-133, Section .310(b), Schedule of Expenditures of Federal Awards
Condition	<p>Some amounts reported on the SEFA did not agree with the institution's accounting records because funding to the institution flowed through a State agency and contained both State and Federal funds. We were informed that the institution reviewed programs with expenditures greater than \$50,000 to determine the Federal share to report on the SEFA; however, 70 programs with expenditures equal to or less than \$50,000, totaling approximately \$757,000, were not reviewed and could be overstated by a State share. Subsequent testing also disclosed programs totaling \$3,607,669, for which funding flowed through a State agency, had not been reviewed to determine if any State share had been included on the SEFA. The \$3,607,669 included programs with expenditures greater than and less than the \$50,000.</p> <p>Additionally, we reviewed the accounting records supporting expenditures for 100 Federal programs reported on the SEFA. Fifteen of these programs had more than one source of funds code, and we could not readily determine whether the expenditures reported for these programs were correct. Our review also disclosed the following reporting errors:</p> <ul style="list-style-type: none"> • Expenditures for a portion of the Hatch and McIntire Stennis appropriations were not separately identified in the accounting records by the designated program. As a result, expenditures totaling \$1,439,121 for these appropriations were incorrectly reported because the amounts were based on the allocation of draws rather than actual expenditures, contrary to OMB Circular A-133. • The institution did not report \$821,117 of expenditures for the U.S. Department of Agriculture Family Nutrition program because it was incorrectly coded as a non-Federal program. • The institution did not report expenditures for some U.S. Department of Transportation programs because they were coded as State rather than Federal. The institution did not provide the amounts that should have been reported.
Cause	The institution implemented a new accounting system on July 1, 2004, and had not implemented adequate procedures to detect all reporting errors on the SEFA.
Effect	When new accounting software is implemented without adequate monitoring procedures, errors may occur without detection, resulting in the institution providing inaccurate or incomplete information to grantors and other users.

Recommendation	<p>The institution should implement adequate procedures to ensure that all Federal programs are reported on the SEFA and that amounts reported are supported by the accounting records in compliance with OMB Circular A-133 requirements.</p>
UF Response and Corrective Action Plan	<p>The University agrees that the new accounting system did not adequately provide for an effective way to discover all errors in reporting on the SEFA. As a result, alternative procedures were conducted, including a review of awards identified as "State flow-through" to determine which, if any, included a State share of funding. An adjustment was made to the reported expenditures for those identified awards, so that only the Federal share of expenditures was included in the SEFA. Of projects identified as "State flow-through" 96.3% of total expenditures were reviewed and properly categorized. In addition, many projects were reviewed, even though each had total expenditures of less than \$50,000. Based on this comprehensive review we believe that any State share identified in projects not reviewed would have been immaterial to the total federal expenditures reported.</p> <p>The \$821,117 in expenditures for projects associated with the USDA Family Nutrition program were gathered and added to the SEFA as an adjustment when identified during the audit review.</p> <p>The University believes that the expenditures reported on the FY 2004-2005 SEFA are materially correct and is working on improving the new accounting system to provide for timely and accurate information to assist in the preparation of the FY 2005-2006 SEFA.</p>
UF Contact and Telephone Number	<p>Michael McKee (352) 392-1321</p>
Estimated Corrective Action Date	<p>June 30, 2006</p>

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 05-001
CFDA Number	10.550
Program Title	Food Donation Program
Compliance Requirement	Subrecipient Monitoring
State Agency	Florida Department of Agriculture and Consumer Services (FDACS)
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition
Finding	FDACS procedures were not effective to ensure the timely receipt and review of subrecipient audits.
Criteria	OMB Circular A-133, §____.320(a), Guidelines for Single Audit Report Submission
Condition	For 12 of the 22 (55 percent) subrecipients selected for testing, the FDACS did not receive audits within the earlier of 30 days after receipt of the auditor's report(s) or 9 months after the end of the audit period as required by OMB Circular A-133. The number of days late ranged from 28 to 111 days, with an average of 63 days late. We reviewed the audit reports and determined that the audits were completed prior to the due date. FDACS Policy is to notify subrecipients once the due date has passed. FDACS policy also states that Department personnel will follow up (through phone calls, correspondence, etc.) with the subrecipient until the audit is received. However, this policy does not specify when the notification process should begin, and documentation provided showed that written notifications were mailed several months after the due date.
Cause	FDACS policies and procedures do not require that its agreements specify report due dates and that subrecipients are timely notified that reports are due.
Effect	Absent procedures to provide report due dates and timely notification to subrecipients, FDACS is limited in its ability to effectively ensure that subrecipients submit the required audit reports when due.
Recommendation	We recommend that FDACS enhance its procedures to include report due dates in its agreements and timely notify the subrecipients of report due dates.
State Agency Response and Corrective Action Plan	The review of the Food Donation Program confirms its importance. This single issue resulting from your testing confirms our belief that this program is being carried out in an effective manner. This finding supports that subrecipient audits were completed within required timeframes, however, some subrecipients did not submit audit reports to the Department in a timely manner. The Department has revised agreements to include audit report due dates and enhanced monitoring procedures to provide subrecipients more timely notifications when audit reports are not received by the date due.
Agency Contact and Telephone Number	Gloria Van Treese, Chief of Bureau of Food Distribution (850) 487-6694
Estimated Corrective Action Date	February 13, 2006

U.S. DEPARTMENT OF AGRICULTURE

Finding Number	FA 05-002
CFDA Number	10.551 and 10.561
Program Title	Food Stamp Cluster
Compliance Requirement	Special Test and Provisions – ADP System for Food Stamps
State Agency	Florida Department of Children and Family Services (FDCFS)
Federal Grant/Contract Number and Grant Year	5FL400402-2004, 5FL420412-2005, and 5FL400402-2005
Finding Type	Reportable Condition Questioned Costs – \$1,857
Finding	The finding was eliminated after the Agency provided additional clarification.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Finding Number	FA 05-003
CFDA Number	14.228
Program Title	Community Development Block Grants (CDBG)
Compliance Requirement	Cash Management
State Agency	Florida Department of Community Affairs (FDCA)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDCA did not have procedures to reconcile CDBG grant balances, draws, and disbursements recorded within the State's accounting records (FLAIR), the U.S. Department of Housing and Urban Development (USDHUD) Integrated Disbursement and Information System (IDIS), and FDCA's grant tracking and accounting systems.
Criteria	44 CFR 85.20(b), <i>Financial Reporting, Accounting Records, Internal Control, Budget Control, and Cash Management</i>
Condition	FDCA personnel did not perform reconciliations of the amounts recorded in FLAIR, IDIS, and FDCA's grant tracking and accounting systems. FDCA personnel indicated that they are working to implement appropriate reconciliation procedures.
Cause	FDCA did not have procedures in place to reconcile the systems to one another and there is no reporting mechanism in place that would detect inconsistencies in the data reported.
Effect	USDHUD's ability to ascertain the correct CDBG grant balances and status of individual grants made to FDCA is limited. Additionally, FDCA cannot demonstrate that appropriate budgetary control and cash management practices for CDBG grants are in place.
Recommendation	We recommend FDCA implement procedures to ensure that reconciliations between the grant balances, draws, and disbursements recorded in FLAIR, IDIS and the grant tracking and accounting systems are timely completed and appropriate adjustments are made to the applicable systems.
State Agency Response and Corrective Action Plan	<p>CDBG contracts are entered in HUD's online IDIS system. Each entry is assigned a unique identification number. That ID number is then entered in the GRITS [Grants Record Information Tracking System] system and when a subgrantee requests funds, CDBG staff note on the Request for Payment (and on the attached Request for Funds by line item activity) that is forwarded to Finance and Accounting, the ID number from which the funds should be drawn. (It should be noted that CDBG staff initiate the contract set up in IDIS and provide closeout data relating to accomplishments and beneficiaries. CDBG staff do not have access to the draw down functions. HUD requires a separation of duties, and Finance and Accounting make all draws for subgrantee contracts. Also, GRITS is not an accounting or financial system; it is a grants management tool used to track grant management information.)</p> <p>The CDBG program recently reconciled the drawdowns in GRITS to the draws made in IDIS. Staff found instances where the funds drawn in IDIS did not agree with CDBG requests. This information has been provided to the Finance and Accounting section for followup. Staff also provided a listing of the IDIS identification numbers that are associated with all grants, and gave Finance and Accounting staff access to the GRITS system.</p>

CDBG staff plan to reconcile IDIS to GRITS on a quarterly basis. CDBG staff already reconcile GRITS to monthly reports provided by Finance and Accounting and to detailed reports that are provided annually for the purpose of preparing the Annual Performance Report. When CDBG information does not match Finance and Accounting information, staff will work together to resolve the problem. In addition, staff plan to contact HUD to determine what reports could be run by the Finance and Accounting Section to facilitate reconciliation. And, staff plan to arrange HUD training on IDIS that is geared toward financial reporting and reconciliation.

At this time, the FDCA Finance and Accounting office has several reconciling procedures in place to make sure all records are correct. All contracts are posted to grant ledgers and state appropriation ledgers to monitor state budget authority and grant cash balances. The FDCA Finance and Accounting office presently reconciles grant and state appropriation ledgers to the FLAIR system on a monthly basis. The FDCA Finance and Accounting office also prepares a form 272 quarterly that is sent to HUD to reconcile to their records the amount of draws that we have processed. The FDCA Finance and Accounting office prepares a form 269 when the grant is closed to report the total expenditures to HUD. A formal reconciliation of all expenditures and draws is also performed at that time. Currently, the Finance and Accounting office is working with the program staff to implement a procedure to reconcile FLAIR records to IDIS.

Agency Contact and Telephone Number

Monya Newmyer, Florida Small Cities CDBG Program Administrator
(850) 487-3644

Karen Peyton, Chief, Finance and Accounting
(850) 488-6409

Estimated Corrective Action Date

September 30, 2006

U.S. DEPARTMENT OF JUSTICE

Finding Number	FA 05-004
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 Juvenile Justice (FDJJ)
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Reportable Condition
Finding	FDJJ did not always timely submit monthly project expenditure reports to the State administering agency (Florida Department of Law Enforcement - FDLE).
Criteria	Section H.1.b. of the VOITIS Subgrant Package 98-CJ-7B-13-00-16-010, 98-CJ-7B-13-00-16-015, 00-CJ-7B-13-00-16-034, 00-CJ-7B-13-00-051, and 04-CJ-7B-13-00-16-059
Condition	According to the VOITIS Subgrant contracts, FDJJ is to submit project expenditure reports to FDLE within 31 days after the end of each month. We noted that 8 of the 12 monthly project expenditure reports submitted for the 2004-05 State fiscal year were not submitted timely. These 8 reports were submitted from 3 to 79 days after the respective due dates. In 3 instances, the reports were submitted subsequent to audit inquiry.
Cause	In response to audit inquiry, FDJJ management indicated that the untimely submissions were due to staff vacancies.
Effect	VOITIS Program costs not timely reported to FDLE could hinder FDLE's efforts to file information with USDOJ.
Recommendation	We recommend that FDJJ take appropriate measures to ensure that all monthly project expenditure reports are timely submitted to FDLE.
State Agency Response and Corrective Action Plan	We concur with the finding. FDJJ has filled the vacant positions that are responsible for compiling these reports. The Bureau of Finance and Accounting (BFA) will run the monthly report and provide to the Bureau of Budget (BB) by the 15 th of each month. If the report is not received by the 20 th , the BB will notify the BFA Chief by email. The Chief of BFA will ensure that the report is run, printed, and delivered to the BB within one (1) working day.
Agency Contact and Telephone Number	William L. Smith, Chief Bureau of Finance and Accounting (850) 921-2045
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF JUSTICE

Finding Number	FA 05-005
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 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	<p>As similarly noted in audit report No. 2005-158, finding No. FA 04-006, FDOC undercapitalized the value of one of the two construction projects closed out during the 2004-05 State fiscal year that were funded, in part, with VOITIS Program funds. The project expenditures totaled \$5,370,371.60; however, FDOC recorded the value of the project in the property records as \$5,285,457.04. Federal expenditures were undercapitalized by \$90,424.82 and State match expenditures were overcapitalized by \$5,510.26, resulting in total project undercapitalization of \$84,914.56.</p> <p>In addition, FDOC reported in the Summary Schedule of Prior Audit Findings that finding No. FA 04-006 had been "Fully Corrected." However, the condition noted in the preceding paragraph indicates that FDOC corrective actions were not adequate to ensure the proper recording of project expenditures in the property records.</p>
Cause	FDOC staff did not capitalize all project expenditures funded by the VOITIS Program.
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 again recommend that FDOC enhance procedures to ensure that all project expenditures funded with VOITIS Program funds are properly recorded in the FLAIR Property Subsystem.
State Agency Response and Corrective Action Plan	The FDOC will continue to make the necessary adjustments to our financial records and will adhere to our procedures to ensure all applicable construction costs are recorded in the FLAIR Property Subsystem as CWIP [Construction Work-in-Progress] 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	2/28/06

U.S. DEPARTMENT OF JUSTICE

Finding Number	FA 05-006
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)
Federal Grant/Contract Number and Grant Year	1996-CV-VX-4012 Multi-Year
Finding Type	Material Noncompliance and Reportable Condition
Finding	FDOC 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, Section .300 <i>Governmentwide Debarment and Suspension (Nonprocurement)</i>
Condition	<p>As similarly noted in audit report No. 2005-158, finding No. FA 04-007, FDOC issued purchase orders in excess of \$25,000 to vendors absent verification that the vendors were not suspended or debarred. Specifically, all 6 of the purchase orders we reviewed (totaling \$1,449,768.40) had been issued absent verification that the respective vendor was not suspended or debarred. Subsequent to audit inquiry, FDOC obtained certifications from 4 of the 6 vendors stating that the vendor was not suspended or debarred; however, these certifications were obtained from 204 to 230 days after the respective purchase orders were issued.</p> <p>On the date of our review, none of the 6 vendors or their principals were on the General Services Administration's <i>List of Parties Excluded from Federal Procurement or Nonprocurement Programs</i>.</p>
Cause	FDOC staff did not adhere to FDOC Procedure No. 205.001(3)(a) that requires that "before awarding any contracts/purchase orders involving federal funds of \$25,000.00 or more, a Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction form (DC2-208), must be completed by the vendor."
Effect	FDOC could use Federal grant dollars to pay for goods and services obtained through contracts and purchase orders with entities that have been suspended or debarred from participation in Federal programs.
Recommendation	We again recommend that FDOC properly implement procedures for verifying and documenting that entities are not suspended or debarred and that measures are taken to ensure that FDOC staff adhere to those procedures.
State Agency Response and Corrective Action Plan	The previous audit resulted in a revision to our Procurement Procedure No. 205.001. As a result of the current audit, we have issued additional written directives to all affected staff. In addition, individual staff involved received personal training in application of the revised procedure and the section supervisor was orally counseled.
Agency Contact and Telephone Number	Lisa Bassett, Chief, Bureau of Purchasing (850) 410-4091
Estimated Corrective Action Date	3/14/06

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U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-007
CFDA Number	Various
Program Title	Various (See Condition)
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
Finding	FAWI did not maintain documentation related to the process used to identify and allocate costs to interim cost centers. In addition, FAWI did not develop a reasonable methodology for allocating interim costs.
Criteria	OMB Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i>
Condition	<p>FAWI uses interim cost centers to distribute directly allocated costs to Federal awards programs. According to FAWI, directly allocated costs are those costs that benefit more than one program, award, or activity and can be assigned to each program, award, or activity based on the relative benefits received without effort disproportionate to the results achieved.</p> <p>For the 2003-04 fiscal year, FAWI created a plan to measure and allocate costs to all benefiting programs, awards, and activities through the use of an automated "cost pool allocation system." This plan included descriptions for 22 interim cost centers but did not describe the actual process used by the system for calculating the cost center rates or procedures utilized to ensure all time worked was included in the statistics used to create the cost center rates. In addition, the plan was not updated for the 2004-05 fiscal year in which FAWI utilized 39 interim cost centers. FAWI used 33 of the 39 interim cost centers to distribute approximately 86,000 salary and benefits expenditure transactions totaling approximately \$11 million identified by FAWI as directly allocable costs.</p> <p>FAWI utilized time reporting data obtained from the People First system in the creation of the cost rates. Our comparison of the time reporting data with the actual time statistics utilized in the creation of the cost rates disclosed differences, such as omissions of employee time in the actual time statistics in 3 of 164 (1.9%) employee time records reviewed; time included in the actual time statistics for the incorrect cost center in 1 of 164 (.06%) employee time records reviewed; and employee time incorrectly reported in the actual time statistic in 1 of 164 (.06%) employee records reviewed. However, the plan was silent as to how such differences would be addressed in the allocation process.</p> <p>In addition, the calculation of the cost rate involved a computation of the full-time equivalent (FTE) for each employee who worked on specific grants. Our review of employee time records indicated for employees working on both specific grants and cost center activities, FTE was computed to be 1 for specific grant activities regardless of actual time worked. Our review of 164 time records indicated that 38 employees had worked in cost center activities, 8 (21%) of whom had also worked on specific grants.</p>

The salary and benefits charges for the 33 interim cost centers 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 – Employment Services Cluster

17.225 – Unemployment Insurance

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

FAWI's plan for measuring and allocating costs to interim cost centers did not include the specific methodology used and had not been updated as additional interim cost centers were created. In addition, FAWI had not considered when it would be necessary to revise cost allocations for omitted or revised employee timesheets and, during the computation of FTE, rounded any partial FTE up to 1 FTE. Timesheets were not always timely submitted and approved and there were errors and omissions in recorded time worked.

Effect

FAWI cannot support that directly allocated costs were accurately distributed to benefiting Federal awards programs.

Recommendation

We recommend that FAWI maintain documentation of the cost allocation plan utilized for allocating directly allocated costs to benefiting grants on a consistent basis. In addition, in the interim cost center rate calculations, FAWI should compute FTEs based on employees' actual time spent on allocable activities. We also recommend that FAWI establish defined parameters or thresholds that will trigger revised cost allocations.

State Agency Response and Corrective Action Plan

FAWI will develop appropriate documentation to codify its cost allocation methodology for allocating directly allocated costs to benefiting grants. Further, FAWI will establish a review process whereby the documentation is examined quarterly and annually for any updates needed due to methodology changes or cost element changes to align with the operational needs of the agency.

Each year FAWI Finance & Accounting publishes the dates that each month's time statistics are to be captured from the State's time reporting system. FAWI captures employee time from the state's time reporting system on the published date and uses those statistics to build the cost pool rates. It is impractical to wait until 100% of all time is submitted and approved before the statistics are captured because of the effect on the timely allocation of grants and resulting agency level financial management reports. Financial information must be both accurate and timely.

FAWI currently allocates reasonable time for employees to submit their timesheets and the agency employs due diligence in reminding and encouraging timely submission through established procedures including a process to submit manual timesheets that cannot be processed through either the state's time keeping system or the separate manual time correction process. The dates set for capture of time statistics are adequate to allow for timely and reasonable rate calculation and cost allocation to our grants.

FAWI will continue to work to ensure employees are submitting and approving time sheet information within the allotted time. FAWI will also include the approved methodology and procedures for handling un-submitted time in the documentation of our cost allocation process.

In regard to the finding that addresses FAWI's methodology for allocating costs where an employee charged a cost pool and direct charged a grant, FAWI Finance & Accounting recalculated, for state fiscal year 2004/2005, the cost pool rates and the subsequent cost allocation using the recommended methodology. FAWI identified 17 affected cost pools (of the agency's total 38 cost pools) and the associated months where an employee recorded time to that cost pool and to another cost pool or grant during the same month. The costs, including salary, benefits, and expenses that flowed through those cost pools for those months totaled approximately \$1.6 million.

After recalculation of the rates and application of those rates to the affected pool costs, it was determined that less than \$31,000 in costs would shift between 73 grants under the new methodology. This equates to approximately 1.8% of the costs in the affected costs pools and only .33% of the costs in all cost pools.

FAWI is pursuing a revision to the Cost Pool Allocation System to reflect the recommended change in methodology going forward. However, the methodology used to allocate cost pools was implemented and applied uniformly and overall the amount nets to zero at the grant level, and the cost to the agency in staff time alone to back out thousands of transactions and to re-input them using the new methodology, many of which are less than \$1.00, would be greater than the benefit received. Therefore, no revision to previously recorded expenses or allocations is warranted.

**Agency Contact and
Telephone Number**

Wayne Summerlin, Controller
(850) 245-7348

**Estimated Corrective
Action Date**

Cost Allocation Methodology Documentation – July 2006
Cost Pool Allocation System Revisions – April 2006

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-008
CFDA Number	17.258, 17.259, and 17.260
Program Title	Workforce Investment Act Cluster (WIA)
Compliance Requirement	Allowable Costs/Cost Principles and Reporting
State Agency	Florida Agency for Workforce Innovation (FAWI)
Federal Grant/Contract Number and Grant Year	2004 and 2005
Finding Type	Reportable Condition

Finding

The One Stop Management Information System (OSMIS) was designed to provide a “single point of entry” for data related to the operation and management of workforce development programs including WIA. In an information technology (IT) audit of OSMIS, we noted that the cash disbursement functionality with the Financial Management module within OSMIS included transactions not needed for cash disbursement processing. While there is a manual review of the vouchers that occurs before processing, the availability of functionality for transactions that should not be used in the disbursement process increases the risk that additional transactions may be unintentionally processed.

We also noted deficiencies related to access, security administration, and the change management process. For example, user access was not restricted to a level appropriate to the user’s job requirements, terminated employees’ access was not timely removed, and improvements were needed to protect the confidentiality of passwords and to effectively monitor the change management process. These deficiencies increase the risk that inappropriate transactions could be initiated within OSMIS and that data and IT resources could be subjected to unauthorized disclosure, modification, or loss.

The detailed OSMIS IT audit findings, recommendations, and FAWI responses are included in report No. 2006-086, finding Nos. 1 through 4, 6, 7, and 9.

State Agency Response and Corrective Action Plan

Allowable Costs/Cost Principles:

Finding No. 7: Where practical the Agency will make the necessary application programming changes to remove access to unnecessary transactions. We note that additional non-IT related compensating controls are already in place that substantially mitigates the stated risk. A change request has been placed with our developing vendor to make the necessary changes to the application.

Reporting:

Finding No. 1: We note that we have significant compensating controls over the cash transactions to the twenty-four Workforce Boards who can receive cash draws against their awards using the OSMIS system and do not rely solely on the security access within OSMIS to control these Agency expenditures.

It should also be noted that the specific employee referred to within the Project Management Office provided diagnostic support to the Finance unit. This level of support, required by the agency, mandated this specific employee’s access privileges. Likewise, other members of the Project Management Office have been given appropriate access to conduct their responsibilities.

Processes and checks have been implemented to ensure only appropriate access is granted consistent with the users’ functional responsibilities.

Finding No. 2: A change request has been placed with our developing vendor to make the necessary software configuration modifications to OSMIS when feasible and will establish a process to regularly perform an independent review of access privileges.

Finding No. 3: The security administration manual has been reviewed and additional changes are being made. In addition, the Agency is implementing security policies in contracts with the regional workforce boards.

Finding No. 4: The Financial Administrator User Manual has been updated to accurately describe password change requirements. A change request has been placed with our developing vendor to make the necessary changes to the application. Estimated completion date is summer 2006. In addition, a manual process has been implemented to ensure the protection of confidential OSMIS user's passwords.

Finding No. 6: The Agency will make the necessary improvements to ensure the protection of confidential OSMIS user's passwords and will update the Financial Administrator User Manual to accurately describe password change requirements.

Finding No. 9: The Agency will make any necessary changes where applicable and feasible. It must be noted since the implementation of the OSMIS Change Management Process nearly two years ago, there have been no instances of source code regression. The movement of patches is clearly monitored by the various staff involved in the process and is further enhanced by event sequencing.

Agency representatives (both from the project team as well as the business staff) are actively engaged in testing component patches prior to release. The Agency also understands that there are software patches that do not require a formal user acceptance testing process.

A review of the change control process and policies has been conducted and changes implemented. Changes have been implemented to require end users to enter comments as to their acceptance of work orders into the Agency's tracking system where appropriate.

Agency Contact and Telephone Number

Don Lindsey
(850) 245-7305

Estimated Corrective Action Date

Allowable Costs/Cost Principles:
Finding 7 – Summer 2006

- Reporting:
- Finding 1 – Completed
 - Finding 2 – Summer 2006
 - Finding 3 – Spring 2006
 - Finding 4 – May 2006.
 - Finding 6 – Summer 2006
 - Finding 9 – Completed

Auditor's Remarks

Audit report No. 2006-086, *Agency for Workforce Innovation – One Stop Management Information System*, dated January 2006, was separately submitted to the USDOL.

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-009
CFDA Number	17.225
Program Title	Unemployment Insurance (UI)
Compliance Requirement	Eligibility
State Agency	Florida Agency for Workforce Innovation (FAWI)
Finding Type	Reportable Condition Questioned Costs – \$85,411 State Funds - Unemployment Compensation (UC)

Finding In an information technology audit related to the UI Program, we noted that, although FAWI established procedures that were intended to timely detect UC benefit payments to incarcerated individuals, in some instances UC benefit payments overlapped periods of incarceration. We notified FAWI of the potential overpayments and FAWI indicated that payments totaling \$88,170 (\$85,411 UC [CFDA No. 17.225] and \$2,759 Disaster Unemployment Assistance [CFDA No. 97.034]) were made to incarcerated persons. While FAWI indicated that most overpayments (\$60,883 UC) had been previously identified through FAWI internal control measures, internal controls should reasonably prevent, as well as detect, the existence of benefit overpayments. Details of this audit finding, as well as our recommendation and the response from FAWI, are included in audit report No. 2006-071, finding No. 4.

Similar findings were also noted in previous audits including audit report No. 2005-158, finding No. 04-013. In the Summary Schedule of Prior Audit Findings, FAWI indicated that the status of finding No. 04-013 was "Finding Does Not Warrant Further Action." The UI Program is a unique Federal-State partnership, founded upon Federal law but implemented primarily through State law. While the State's administrative expenditures incurred under this Program are funded by Federal grants, unemployment benefits are primarily paid from State unemployment taxes that are deposited into the State's account in the Federal Unemployment Trust Fund (FUTF). The United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement includes several compliance requirements that must be tested with regard to the State UI funds during the audit. In the September 6, 2005, U.S. Department of Labor (USDOL) Final Determination Letter that addresses audit reports Nos. 2004-168 and 03-167, USDOL indicates that benefits paid from the State's FUTF are not subject to disallowance or debt collection by USDOL. While USDOL may not pursue the resolution of questioned State-funded costs, FAWI should continue its efforts to ensure the prevention, timely detection, and collection of UC benefit payments made to incarcerated individuals.

State Agency Response and Corrective Action Plan During the period under review, the auditor compared nine months of UI payment data to FDLE's Stop Inmate Fraud [SIF] Program data. Assuming that the SIF data provided to the auditor by FDLE at the beginning of the audit contained exactly the same data files that FDLE transmitted to the Agency in periodic installments over the nine months of the review period, the audit detected \$27,287 more in overpayments to incarcerated individuals than previously had been determined by the Agency. Of this amount, \$2,759 was attributable to benefits paid under the Disaster Unemployment Assistance (DUA) program, thereby creating a balance of \$24,528 undetected overpayments from regular programs.

During the same nine month period, the Agency paid regular UI benefits totaling \$715,852,195 and DUA benefits resulting from the 4 hurricanes of 2004 totaling \$17,711,813. Therefore, as a percentage of total benefit payments, the overpayments detected from the audit represented three one thousandths of a percent of the total regular benefits paid (0.003%). The DUA benefits overpaid

represented less than two hundredths of a percent (0.015%) of the total DUA benefits processed by the Agency during this turbulent disaster period.

In addition, it should also be noted that the USDOL grant officer has stated in connection with questioned costs for incarcerated individuals related to the regular UI benefits that the costs in question are not Federal administrative funds; they are benefits paid from the State's UI Trust Fund. Therefore, the costs in question are not subject to disallowance or debt collection by USDOL.

Although the Agency believes it has made great strides in timely detecting potential issues resulting from incarcerations reported by the Stop Inmate Fraud Program, the Agency will continue to review and, to the extent possible, enhance procedures to ensure timely detection of inappropriate benefit payments.

**Agency Contact and
Telephone Number**

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

**Estimated Corrective
Action Date**

Completed

Auditor's Remarks

Audit report No. 2006-071, *Unemployment Insurance Program – Information Technology*, dated December 2005, was separately submitted to the USDOL.

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-010
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 Federal Civilian Employees (UCFE) Unemployment Compensation (UC)
Finding Type	Reportable Condition Questioned Costs – \$1,206 (Federal Funds \$550 UCFE and State Funds \$656 UC)
Finding	FAWI did not always retain initial applications to document claimants' eligibility. Additionally, FAWI did not always timely initiate recovery of payments made to ineligible claimants.
Criteria	Section 443.091(1)(a) and (e), Florida Statutes; UC Claims Manual
Condition	Our review of 41 case files disclosed that, for two claimants, FAWI failed to retain claimants' initial applications. Benefit payments made to the two claimants totaled \$1,206. Subsequent to audit inquiry, FAWI determined that, as a result of unreported earnings, one of the two claimants was ineligible for benefits. FAWI established an overpayment case to recover \$550 from the ineligible claimant.
Cause	FAWI did not always follow established procedures for documenting claimants' initial eligibility determinations or for initiating the recovery of overpayments.
Effect	FAWI issued benefits to claimants whose initial eligibility was not adequately documented. Failure to timely initiate recovery of benefits paid in error to ineligible claimants may hinder collection.
Recommendation	We recommend FAWI reinforce established procedures to ensure required documentation for initial eligibility is obtained and retained prior to benefits being paid. We also recommend FAWI follow established procedures for timely initiating the recovery of overpayments.
State Agency Response and Corrective Action Plan	FAWI agrees that complete initial mail claim applications were not available for 2 of the claims audited. In one case the second page of the application was provided and in the other the federal documentation resulting from the initial application was made available. Since the filing dates of these 2 questioned claims, FAWI has implemented a digital documenting imaging system for the UC program, which we anticipate will improve the storage of paper records required for future audits. With respect to the claim found to have been overpaid, the claimant was charged with fraud and the claim has been referred to the debt collection agency under contract to the Florida Department of Financial Services.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 David Hagan, (850) 921-3957
Estimated Corrective Action Date	Corrected with the implementation of the digital document imaging system during 2005

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-011
CFDA Number	17.225
Program Title	Unemployment Insurance (UI)
Compliance Requirement	Eligibility
State Agency	Florida Agency for Workforce Innovation (FAWI)
Finding Type	Reportable Condition
Finding	FAWI had not established and implemented adequate management security control procedures for the Unemployment Compensation (UC) Claims and Benefit Subsystem.
Criteria	National Institute of Standards and Technology (NIST) Special Publication (SP) 800-14, <i>Generally Accepted Principles and Practices for Securing Information Technology Systems</i> ; NIST SP 800-18, <i>Guide for Developing Security Plans for Information Technology Systems</i> ; NIST SP 800-30, <i>Risk Management Guide for Information Technology Systems</i> ; Control Objectives for Information and related Technology (COBIT); Section 110.1127, Florida Statutes; Florida Department of Management Services (FDMS) Rules, Chapter 60DD-2, Florida Administrative Code, <i>Florida Information Resource Security Policies and Standards</i>
Condition	<p>When properly implemented, management security controls, in conjunction with technical and operational controls, will manage and reduce the risk of loss and protect an organization's resources. Management security controls focus on the stipulation of information protection policy, guidelines, and standards that are carried out through operational procedures.</p> <p>Our review of FAWI UC Claims and Benefit Subsystem security manuals and user access authorization documents and audit inquiries disclosed the following deficiencies:</p> <ul style="list-style-type: none"> • FAWI did not provide the Internal Security Unit, users of the UC Claims and Benefit Subsystem, and security officers with current written operating procedures outlining individual roles, responsibilities, and expectations. Good information security should include, in part, documentation that explains how software and hardware is to be used, including descriptions of user and operator procedures, and should formalize security and operational procedures specific to the system. • As justification for user access, FAWI used broad statements (e.g., "to process unemployment claims" and "to complete daily work") that did not always clearly demonstrate the users' need for their assigned access privileges. Access authorizations should provide for the proper determination of the type of computer access needed for each position. • As of December 2005, FAWI had granted approximately 270 users complete update access to all UC Claims and Benefits Subsystem transactions (e.g., update access for transactions that allow users to change a claimant's address and initiate a claimant's benefit payment). Proper separation of duties is required to divide roles and responsibilities so that a single user cannot subvert a critical process. • FAWI issued a memorandum in April 2001 granting all employees in one UC hub an exception from individual access authorizations and allowing those employees complete access to all UC Claims and Benefits Subsystem transactions. Subsequent to the April 2001 memorandum, FAWI management made a decision to apply that blanket exception to all UC hub-based

employees. Users should be provided the least access privileges needed to perform their official duties.

- As noted in audit report No. 2006-086, finding No. 5, FAWI had not established a policy to identify positions of special trust. Section 110.1127(1), Florida Statutes, requires that each employing agency shall designate those employee positions that, because of the special trust or responsibility or sensitive locations of those positions, require that persons occupying those positions be subject to a security background check, including fingerprinting, as a condition of employment.
- FAWI indicated that it did not rely on written procedures to provide security officer training. Instead, we were informed by FAWI that new security officer training was provided via telephone or in hands-on sessions. Employee training and security awareness policies should include written procedures informing personnel (including contractors and other users) of the information security risks associated with their activities and of their responsibilities in complying with organizational policies and procedures designed to mitigate these risks.
- FAWI stated that, once a user profile has been deleted, an electronic or hard copy of the user's profile is not maintained. In addition, for positions of special trust (e.g., employees with complete access to all UC Claims and Benefits Subsystem transactions), documentation was not required that outlined appropriate approvals, effective dates, access justifications, and user acknowledgment signatures. Although FAWI indicated that the UC benefit claims history retains the user identification and type of transactions performed, without maintaining user profiles and documentation of user accountability, FAWI cannot demonstrate that the user had the authority to update the UC benefit claims history. Records should support after-the-fact investigations of how, when, and why normal controls were not followed.
- FAWI did not maintain adequate documentation (i.e., appropriate approvals, effective dates, justification, and user acknowledgment signatures) for proper accountability of user accounts. User account management should include a process for requesting, establishing, issuing, and closing user accounts.

Cause	According to FAWI, organizational changes and UC Claims and Benefit Subsystem reengineering have resulted in FAWI's current operating procedures not being reflected in a procedures manual.
Effect	Without effective written operating procedures regarding management security controls related to the UC Claims and Benefit Subsystem, FAWI cannot demonstrate that proper security controls are in place and being carried out. As a result, FAWI's ability to protect the information systems that support the operations, protect its assets, maintain its day-to-day functions, and protect the confidentiality of UC benefit claimants is limited.
Recommendation	We recommend that FAWI establish written operating procedures and effective management security controls for the UC Claims and Benefits Subsystem. Such procedures should reflect current laws, regulations, and policies and thereby incorporate management security controls, in conjunction with technical and operational controls, that manage and reduce the risk of loss and protect FAWI's resources.
State Agency Response and Corrective Action Plan	Beginning in January 2006, web-based security awareness training was made available to users of the UC system. The training module contains a certification component requiring users to certify their understanding and agreement with security policies and procedures. In addition, FAWI has reevaluated access requirements to the 2 major user groups used by UC Claims and Benefits staff.

Blanket exceptions to access to both groups are being discontinued. With respect to current users, the Internal Security Unit (ISU) is conducting a review of all users' access that will be completed by June 30, 2006. The need of new users for special access to the system is being evaluated prior to authorization being provided for such access through exception forms. By September 30, 2006, ISU will complete a handbook compiling appropriate instructions and policies for users and operating and training procedures for security officers. The handbook will include information on identification of roles and responsibilities, forms usage, adding and deleting user accounts, granting special access, and records maintenance. Procedures on the retention of security forms will conform to the requirements of the Florida Department of State. Finally, FAWI is evaluating which positions in the UC organization would comprise a position of special trust.

**Agency Contact and
Telephone Number**

**Estimated Corrective
Action Date**

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

September 30, 2006

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-012
CFDA Number	17.225
Program Title	Unemployment Insurance (UI)
Compliance Requirement	Period of Availability of Federal Funds
State Agency	Florida Agency for Workforce Innovation (FAWI)
Federal Grant/Contract Number and Grant Year	UI-12632-03-55 2003 and UI-13541-04-55 2004
Finding Type	Reportable Condition Questioned Costs – \$118,855
Finding	FAWI charged expenditures to Federal grant awards subsequent to the awards' funding period expiration.
Criteria	UI Program Annual Funding Agreement; ET Handbook No. 336
Condition	Expenditures may include 'automation' charges which are directly related to the automation of UI operations and 'non-automation' charges which include maintenance and other costs relating to current operations and services. The period of availability may be extended for 'automation' charges, but not for 'non-automation' charges. During the 2004-05 State fiscal year, the State Technology Office (STO) billed FAWI for 'non-automation' expenditures of \$118,855 incurred during the 2002-03 State fiscal year. Although the funding periods for the 2003 and 2004 UI Program grants had expired, FAWI recorded the expenditures to the expired grants in the State's accounting records (FLAIR). Subsequent to audit inquiry, FAWI made correcting entries to record these expenditures to a current grant.
Cause	FAWI did not properly identify expenditures as 'non-automation' acquisitions as defined in the ET Handbook No. 336.
Effect	Charging expenditures to Federal grants with expired funding periods could result in FAWI incurring expenditures in excess of the total Federal grant award for a given funding period and, consequently, could result in disallowance by U.S. Department of Labor.
Recommendation	We recommend that FAWI enhance procedures to ensure that expenditures are properly identified so that all charges to Federal grant awards are made prior to the funding period expiration.
State Agency Response and Corrective Action Plan	The amounts noted as questioned costs were corrected as of November 7, 2005. No further corrective action is needed; however, FAWI will continue to ensure that the proper grants are charged for the proper period for which the expenditures are incurred.
Agency Contact and Telephone Number	Wayne Summerlin, Controller (850) 245-7348
Estimated Corrective Action Date	No further corrective action needed.

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-013
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	<p>For the four quarters ended September 30, 2004, December 31, 2004, March 31, 2005, and June 30, 2005, FAWI reported estimated (rather than actual) amounts for the following sections and lines on the ETA 227 reports:</p> <ul style="list-style-type: none"> • Section C. <i>Recovery/Reconciliation</i>, Line 312, <i>Receivables Removed at End of Period</i>; Line 301, <i>Outstanding at Beginning of Period</i>; and Line 313, <i>Outstanding at End of Period</i>. • Section E. <i>Aging of Benefit Overpayment Accounts</i>, Lines 501-507, <i>Accounts Receivable</i>. <p>Similar misstatements were noted in prior audits, most recently in audit report No. 2005-158, finding No. FA 04-014.</p>
Cause	FAWI and the Florida Department of Management Services (FDMS) have not completed the required UC System programming modifications to ensure compliance with the revised reporting instructions in the U.S. Department of Labor (USDOL) Employment Training Administration directive related to the UI Reports Handbook No. 401. States were responsible for ensuring that all necessary reprogramming was completed by December 31, 2001. FAWI used estimates on the ETA 227 reports as the UC System did not accommodate the reporting of required actual amounts.
Effect	By including estimated amounts on the ETA 227 reports, the usefulness of the ETA 227 reports for monitoring the integrity of the benefit payment processes in the UC System is limited.
Recommendation	We again recommend that FAWI coordinate with FDMS to promptly complete the UC 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	As a result of continued work by mainframe applications development staff, after January 2006, estimated data is no longer reported on the ETA-227 report. Consequently, in January 2006, FAWI resubmitted corrected reports for the quarters ending September 30, 2004 through September 30, 2005 as well as the report due for the quarter ending December 31, 2005.
Agency Contact and Telephone Number	Tom Clendenning, (850) 245-7499 David Hagan, (850) 921-3957
Estimated Corrective Action Date	Corrected in January 2006 when estimated data was no longer used in completing the report.

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-014
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)
Finding Type	Reportable Condition
Finding	FAWI did not properly report amounts received from and disbursements of UC benefit payments charged to reimbursable employers on the monthly ETA 2112 reports. In addition, FAWI did not always properly report Reed Act interest earned and amounts transferred to other States as reimbursement for UC benefit payments made under combined wage plans on the ETA 2112 reports.
Criteria	UI Report Handbook No. 401, Section II-1
Condition	<p>ETA 2112 instructions require that amounts received from and disbursements of UC benefit payments charged to reimbursable employers be reported on the ETA 2112 reports by employer type, (i.e., local government, State government, and nonprofit organization). However, FAWI did not properly classify certain employers that are State of Florida component units as the State government employer type. As a result, for the 2004-05 State fiscal year, amounts received from and disbursements of UC benefit payments charged to these reimbursable employers were misstated on six lines (Nos. 19, 20, 21, 33, 34, and 35) of the monthly ETA 2112 reports.</p> <p>On two ETA 2112 reports, FAWI failed to report Reed Act interest earned totaling \$11,957,405. In addition, FAWI overstated amounts transferred to other States as reimbursement for UC benefit payments made under combined wage plans by \$63,772,627 on one ETA 2112 report.</p>
Cause	FAWI did not properly assign codes in the UC System for reimbursable employers that are component units of the State of Florida. FAWI staff entered the incorrect amounts in the ETA 2112 report for the misstatements relating to the Reed Act interest earned and amounts transferred to other States as reimbursement for UC benefit payments made under combined wage plans.
Effect	Failure to provide accurate information to U.S. Department of Labor (USDOL) Employment Training Administration (ETA) on the ETA 2112 reports limits the usefulness of the reports as a summary of State unemployment fund transactions. USDOL ETA uses the ETA 2112 report information to study UI Program financial trends and as a basis for solvency studies.
Recommendation	We recommend that FAWI review the codes for reimbursable employers that are component units of the State of Florida and ensure that the appropriate code is assigned to designate the employer type. We also recommend that FAWI submit revised ETA 2112 reports to correct the noted errors and to accurately report to USDOL ETA the summary of transactions in the State's unemployment fund.
State Agency Response and Corrective Action Plan	FAWI worked with the Florida Department of Revenue and completed the update of the appropriate codes in February 2006 to properly note the employers who are also component units of the State of Florida. It should be noted that the overall amount on the ETA 2112 report (line 49) is unaffected by the change in reimbursable employer type. Only the amounts on the individual lines referenced above will change.

**Agency Contact and
Telephone Number**

The errors on the ETA 2112 related to interest and transfers to other states were due to clerical mistakes. FAWI will work with USDOL to determine the best method for revising the ETA 2112 reports. Further, AWI will continue to work to ensure that the correct information is reflected on the federal reports.

Wayne Summerlin, Controller
(850) 245-7348

**Estimated Corrective
Action Date**

Updating Employer Type on Component Units – Complete February 2006

Revising ETA 2112 – April 2006

U.S. DEPARTMENT OF LABOR

Finding Number	FA 05-015
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) Florida Department of Revenue (FDOR)
Finding Type	Reportable Condition
Finding	<p>FAWI contracted with the FDOR to perform tax collection services, including calculation of employer UI taxes. In an information technology audit related to the UI Program, we noted reportable conditions regarding the calculation of employer experience-based UI tax rates:</p> <ul style="list-style-type: none"> • Detail and summary wage and benefit claims data were not reconciled prior to rate calculation. (Finding No. 1) • Certain factors used in the rate calculation were not computed in accordance with Section 443.131, Florida Statutes. (Finding No. 2) • Policy, procedure, or other written guidance did not exist to support rate calculation process decisions. Specifically, written policies and procedures had not been established to support the treatment of assessed payroll with regard to taxable payroll amounts, to direct staff on processing certain credits, and to address proper application of inactive records and broken chargeability. Additionally, there was no overall comprehensive documentation of the process used in the calculation of tax rates and systems documentation of the calculation process was not current. (Finding No. 3) <p>Detail of these audit findings and recommendations, as well as the responses from FAWI and FDOR are included in audit report No. 2006-071.</p>
State Agency Response and Corrective Action Plan	<p>Finding No. 1: The Agency will work with mainframe computer programming resources and DOR to develop programs that will ensure timely and complete reconciliations are performed between detail and summary wage and benefit files prior to the calculation of unemployment tax rates. An informal process has been implemented to review the benefit detail versus the summary data on a quarterly basis. Analysis is still ongoing as to the differences between both files. This analysis will be completed by April 1, 2006.</p> <p>Finding No. 2: The Agency worked with DOR and mainframe computer programming resources to implement corrections in the unemployment tax system to ensure that only appropriate amounts are included in the calculation of employer tax rates. To that end a mainframe program change management request was submitted by DOR and approved by the Agency to exclude assessed payroll from the calculation of these ratios. The work for this request was completed and migrated to production prior to the calculation of 2006 tax rates. In reviewing the Annual Rating process DOR has confirmed that assessed payroll was not used in calculating the noncharge, excess payment and Trust Fund ratios during the 2006 annual rating process.</p> <p>With respect to the exclusion of taxable payroll for employers participating in the Short Time Compensation [STC] program whose benefit ratio is equal to or greater than .0540 but less than .0640, DOR has submitted and AWI has approved a mainframe Change Management Request to include STC wages questioned by the audit in the three-year taxable payroll. This work will be completed prior to the calculation of the factors required for 2007 tax rates.</p>

For the 2006 Annual Rating process, offsets for year ending June 30, 2005 were identified and used in the rating process. The detail of the offset summary has been saved and is available for further review by the Auditor General. For the 2007 rating process an additional four quarters will be available and for 2008 complete offset information for the 3-year rating period will have been captured for the Annual Rating Process.

As mentioned in the prior audit, the Agency continues to work with mainframe computer programming resources to complete the work requested by Change Management Request No. 411, relating to the noncharge benefit total.

In summary, considerable progress has been made in regard to issues related to Finding No. 2.

Finding No. 3: The Agency with DOR and DMS [Department of Management Services] will work to improve the documentation for any decisions made in the application of governing law in the tax rate calculation methodology, through improvements in written policy, procedure or other guidance. The Agency and DOR will seek legal review on the treatment of calculations not explicitly defined in the law and document such review. Working with DOR, the Agency anticipates an Annual Rating Process Manual will be developed in 2006 to act as a comprehensive and complete transcript of this process. The Agency is also giving consideration to contracting a vendor who has demonstrated experience in compiling technical materials to establish a current and comprehensive document for the UI tax rate calculation.

An enterprise documentation tool has been identified to assist in providing the necessary documentation. Resources are being acquired to utilize the tool and document the system.

Agency Contact and Telephone Number

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

Estimated Corrective Action Date

Finding 1 – April 2006

Finding 2 – Assessed payroll issue is resolved, STC issues will be complete by November 2006, the offset issue will be complete by the running of the 2008 rating process, and the issue relating to the noncharge benefit total should be completed by June 30, 2007.

Finding 3 – Summer 2006

Auditor's Remarks

Audit report No. 2006-071, *Unemployment Insurance Program – Information Technology*, dated December 2005, was separately submitted to the USDOL.

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U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-016
CFDA Number	20.205
Program Title	Highway Planning and Construction
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Transportation (FDOT)
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition Questioned Costs – \$4,737
Finding	FDOT did not always correctly distribute payroll related (salaries and fringe benefits) costs to the Highway Planning and Construction program (Program).
Criteria	OMB Circular A-87, Attachment B, Section 8.h., Support of Salaries and Wages
Condition	<p>FDOT distributes payroll related costs for each pay period to direct transportation projects. The distributions are based on individual employee hours worked per pay period and the average hourly wage rate of the employee's salary in effect for the specific pay period worked. The distributed payroll related costs are submitted to the applicable Federal agencies for reimbursement. On September 24, 2004, FDOT began using People First, the State's outsourced human resources, benefits, and payroll system. We tested 45 Program expenditures, 10 of which were payroll related.</p> <p>Our test disclosed instances in which payroll related costs, totaling \$4,737, were overcharged to the Program. These payroll related costs were based on incorrect or incomplete data provided by People First and used by FDOT in distributing payroll related costs. Specifically:</p> <ul style="list-style-type: none"> • The salary rates were the current rates in effect for some of the employees and not the rates in effect for the specific pay periods worked. • The base salary rate was provided rather than the total salary rate, which included a competitive area differential. • A timesheet correction was not provided to FDOT.
Cause	Because of People First implementation problems related to payroll distribution, \$28,298,759 (69 percent) of the 2004-05 fiscal year total payroll related costs for the Program were not distributed until June 2005. As a result, the accuracy and reliability of the data provided by People First was not verified by FDOT's Office of Comptroller personnel and, therefore, the incorrect payroll distributions were not detected. Also, corrections to timesheets were not always being timely provided by People First to FDOT.
Effect	The Program was charged incorrect payroll related costs since the implementation of People First on September 24, 2004. From October 2004 through June 2005, FDOT distributed payroll related costs totaling \$29,877,124 (73 percent of the 2004-05 fiscal year total payroll related costs) to the Program. In January 2006, FDOT Office of Comptroller personnel began drafting a request to People First representatives to correct salary rate issues and indicated that their ability to make payroll related distributions would be limited until the issues are resolved.
Recommendation	We recommend FDOT continue its efforts to work with People First representatives to correct salary rates being used for payroll distributions and timely obtain timesheet corrections. Once applicable corrections have been

made, FDOT should redistribute the payroll related costs and adjust any future claims for Federal reimbursement for any over/under charges that resulted.

State Agency Response and Corrective Action Plan

A high priority escalation was forwarded to representatives of both Convergys and the Department of Management Services (DMS) on February 16, 2006 to address incorrect hourly wage rate and supporting payroll information maintained in the People First Data Warehouse. Since this is a high priority fix for FDOT and a fairly complicated issue, we have requested a face-to-face meeting with DMS and Convergys to go over several data examples and People First system interface requirements. Until the meeting takes place and subsequent resolutions are developed, we are comparing hourly wage rate information received from the People First Data Warehouse with information from the Bureau of State Payroll and suspending the distribution of payroll transactions when the hourly wage rates differ. Once FDOT and Convergys / DMS develop a solution for the People First Data Warehouse errors, FDOT will correct past over/under changes that resulted from incorrect payroll distribution transactions.

Agency Contact and Telephone Number

Lisa Evans, Deputy Comptroller, Office of Comptroller
(850) 414-4172

Estimated Corrective Action Date

June 30, 2006

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-017
CFDA Number	20.205
Program Title	Highway Planning and Construction
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Agency	Florida Department of Transportation (FDOT)
Federal Grant/Contract Number and Grant Year	Federal-Aid Project Number: E043-004-E
Finding Type	Material Noncompliance and Reportable Condition Questioned Cost – \$471,073
Finding	FDOT did not always apply the correct matching rate to Federal Emergency Relief projects on the Interstate System.
Criteria	23 USC 120(a), Federal Share Payable on Interstate System Projects; and 23 CFR 668.107, Emergency Relief Program, Federal Share Payable
Condition	<p>In general, the Federal Share on any project on the Interstate System is 90 percent of the total cost of the project. However, sliding scale rates can be used on Interstate System projects and on other non-Interstate System projects, which allow certain states with large amounts of Federal lands to increase the basic Federal Share up to 95 percent of certain programs, including Emergency Relief. The sliding scale rate for Interstate System projects is available for states in which the designated public land area exceeds five percent of the total area of the state.</p> <p>During the 2004-05 fiscal year, FDOT used a sliding scale rate of 91.93 percent on Emergency Relief projects on the Interstate System. However, FDOT personnel subsequently discovered that there was no documentation authorizing the State to use a sliding scale rate for Interstate System projects. In January 2006, FDOT personnel provided us with a tentative list of 56 Federal-Aid projects related to the Emergency Relief Program with a total contract amount of \$295,122,079 for which the 91.93 percent sliding scale rate had been utilized instead of the 90 percent Federal Share rate. Of the 56 projects, the Escambia Bay Bridge Permanent Repairs project (Project) was the largest Project with a contract amount totaling \$278,596,450. Utilizing the 91.93 percent sliding scale rate for the 2004-05 fiscal year, FDOT billed the Federal Highway Administration (FHWA) \$22,438,198 based on Project expenditures totaling \$24,407,917.</p>
Cause	FDOT personnel indicated that use of the incorrect rate was due to a misinterpretation of the documentation allowing the use of a sliding scale additive. The misunderstanding was caused, in part, because the State is authorized to use a sliding scale rate on non-Interstate System projects, but is not authorized to use a sliding scale rate for Interstate System projects. Also, Federal Project Agreement Modification No. 2 on the Project, which showed a 91.93 percent Federal Share, was approved by the FHWA in June 2005. However, in January 2006, Modification No. 3 on the Project was approved by FHWA to correct the Federal Share to 90 percent.
Effect	As of June 30, 2005, FDOT had over-billed FHWA for Project expenditures totaling \$471,073, which should have been paid as part of the State's matching share. In January 2006, FDOT corrected the Federal Share rate in the Federal Project Management system for the Project resulting in a credit of approximately \$1.4 million on the FHWA billing for expenditures that had occurred in the 2004-05 fiscal year and through the January 13, 2006, billing period.

Recommendation	<p>We recommend FDOT continue to correct the Federal Share rate being used for all other applicable projects and ensure that appropriate rates are used on future projects. We also recommend FDOT credit FHWA for any additional charges resulting from the application of the incorrect rate.</p>
State Agency Response and Corrective Action Plan	<p>It is correct that the sliding scale was, through a misinterpretation of the federal requirements, applied inappropriately to a number of Interstate projects using federal Emergency Relief funds. The actual final count of projects totaled 66 where the incorrect percentage was applied. As of March 6, 2006, 54 have received FHWA approval on the federal authorization modification correcting the participating rate. The remaining 12 projects have been modified and sent to FHWA where they are awaiting FHWA signature approving the modifications to the correct participating percentage. FHWA is receiving credit for the overbillings on each of these projects in the current bill following FHWA approval of each modification.</p> <p>We have updated our guidance to the Districts showing the nominal rate at the correct 90% rather than 91.93% to insure the correct participating rate is being used on all future projects. We are also in the process of editing our Federal Authorization Management System (FAMS) to prevent the ability for future Authorization Requests to be initiated at an incorrect participating percentage. Our research indicates no other projects used an incorrect sliding scale rate outside of those identified Interstate projects using federal Emergency Relief funds.</p>
Agency Contact and Telephone Number	<p>James Jobe, Manager, Federal Aid Management Office (850) 414-4448</p>
Estimated Corrective Action Date	<p>March 31, 2006</p>

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-018
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 and Reportable Condition
Finding	Subgrant agreements did not always include a provision requiring subrecipients to have an audit conducted in accordance with OMB Circular A-133. Also, FDOT 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
Condition	<p>FDOT procedures require that each applicable program manager: 1) advise the subrecipient of requirements imposed on them by Federal laws and regulations, such as the OMB Circular A-133 audit requirements; 2) ensure that subrecipients submit the required audit report no later than nine months after the subrecipient's fiscal year end; and 3) review the audit report, complete a review checklist, and issue a management decision (if applicable) within six months after receipt of the audit report. We reviewed 20 subgrant agreements awarded during the 2004-05 fiscal year. Additionally, we requested documentation of the receipt and review of subrecipient audit reports for 23 Federal projects for which audit reports were due by June 30, 2005. Our review disclosed the following:</p> <ul style="list-style-type: none"> • Two subgrant agreements did not contain a requirement that the subrecipients have an audit conducted in accordance with OMB Circular A-133. The agreements, which were executed in November 2004, totaled approximately \$29.9 million and were for repairs, debris removal, and law enforcement costs related to two hurricanes. • Program managers obtained four audit reports related to seven projects after the due date (ranging from approximately 2 to 5 months late). Two of the four audit reports were obtained by the program managers subsequent to audit inquiry in December 2005. • For three of the projects, the checklists documenting the review of the audit reports were not completed within six months of receipt of the audit reports and were not completed by the program managers as of the date of our inquiry in December 2005 or January 2006. Also, FDOT's Single Audit Act Automated Checklist system that was implemented in the Spring of 2004 was not used by program managers for ten of the projects we reviewed. <p>A similar finding was noted in audit report No. 2005-158, finding No. FA 04-019.</p>
Cause	<p>The following reasons contributed to the above-mentioned conditions:</p> <ul style="list-style-type: none"> • Failure of program managers to implement oversight procedures and lack of awareness of the requirements. • Workload and lack of staff due to vacancies and extended leave.
Effect	In the absence of appropriate contractual audit provisions, timely follow up on late subrecipient audit reports, and completion of the review checklist, FDOT has limited assurance that the required audit reports will be obtained by the

subrecipients and submitted to FDOT, and all Federal funds awarded to subrecipients are being expended and reported in accordance with Federal program requirements. When the Automated Checklist system is not used, the FDOT's ability to monitor the timely submission and review of audit reports is diminished.

Recommendation

We recommend that FDOT continue its efforts to implement the Automated Checklist system, and monitor and train program managers in the single audit requirements.

**State Agency Response and
Corrective Action Plan**

We concur. The contract language with provisions requiring subrecipients to have an audit conducted in accordance with OMB Circular A-133 is something we have emphasized to the Department program managers. We have provided the Standard Contract Language on the single audit website for program managers to incorporate into new contracts or agreements. We have worked with LAP [Local Agency Program] and JPA [Joint Participation Agreement] administrators to incorporate the Standard Contract Language into boilerplates for their agreements and have instructed other administrators to do the same. We have been and will continue to place articles concerning the language and its requirements into our quarterly newsletter.

The Florida Single Audit Act Automated System has been in operation for two years. The Office of Information Systems has been working on an upgrade to make the system more user-friendly and incorporate additional functionality. Completion of the upgrade is expected in March 2006. As soon as the upgrade is completed, the Single Audit Coordinator will visit each district to conduct training sessions for all single audit personnel. The training will include not only the automated system, but use of the Federal and State Single Audit Procedure, Standard Contract Language, and all forms, such as the State Project Determination Checklist.

**Agency Contact and
Telephone Number**

Joseph Maleszewski, Audit Director, Office of Inspector General
(850) 410-5506

**Estimated Corrective
Action Date**

August 1, 2006

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-019
CFDA Number	20.205
Program Title	Highway Planning and Construction
Compliance Requirement	Special Tests and Provisions
State Agency	Florida Department of Transportation (FDOT)
Federal Grant/Contract Number and Grant Year	Federal-Aid Project Numbers: 0752-107-I, 0752-108-I, 0752-109-I, and 4601-018-P
Finding Type	Material Noncompliance Questioned Cost – \$288,285
Finding	FDOT did not credit the Federal Highway Administration (FHWA) billings for the Federal Share of the recovery of funds from a contractor as a result of a settlement of a criminal indictment.
Criteria	OMB Circular A-133 Compliance Supplement – March 2004, Special Tests and Provisions – Contractor Recoveries
Condition	When FDOT recovers funds from highway contractors for project overcharges due to bid rigging, fraud, or anti-trust violations or otherwise recovers compensatory damages, the Federal-Aid project involved is required to be credited with the Federal Share of such recoveries. Pursuant to our request, FDOT's General Counsel identified one contractor recovery that occurred in July 2004 totaling \$1,263,750 of which \$447,214 related to a settlement of criminal charges brought against a company.
Cause	The Federal Share of the recovery was not credited to FHWA billings as a result of an oversight.
Effect	As a result of our inquiry, FDOT Office of Comptroller personnel indicated that the recovery was related to four projects of which 78.68 percent (\$351,868) was the portion of the projects subject to the Federal Share rate of 81.93 percent. In January 2006, FDOT Office of Comptroller personnel identified and credited \$288,285 to FHWA billings.
Recommendation	We recommend FDOT ensure that the Federal Share of contractor recoveries are timely credited to Federal billings.
State Agency Response and Corrective Action Plan	When FDOT recovers funds from contractors, our General Accounting Office will require a listing of projects and allocate the recoveries based on project expenditures or another acceptable method. We will accept and deposit funds, but we will not accept that the project is unknown or there are too many. All settlements will require an association with specific financial project(s).
Agency Contact and Telephone Number	Lisa Evans, Deputy Comptroller, Office of Comptroller (850) 414-4172
Estimated Corrective Action Date	Corrected - January 31, 2006

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-020
CFDA Number	20.205
Program Title	Highway Planning and Construction
Compliance Requirement	Special Tests and Provisions
State Agency	Florida Department of Transportation (FDOT)
Federal Grant/Contract Number and Grant Year	Federal-Aid Project Numbers: 0101-188-I, 0955-267-I, 2955-262-I
Finding Type	Material Noncompliance and Reportable Condition
Finding	Federal Highway Administration (FHWA) approval was not always properly documented for project changes on FHWA oversight projects. Also, project cost changes that were approved by FHWA as non-Federal participating were not always properly coded to ensure that they would not be claimed as Federally participating and subsequently reimbursed to FDOT.
Criteria	23 CFR 635.120, 635.121, Construction and Maintenance; 23 USC 106(c); and FDOT Procedure Topic No. 700-000-000, Construction Project Administration Manual
Condition	<p>FHWA must approve changes affecting construction project costs and time on FHWA oversight projects. Major changes require advance approval; however, verbal approval can be obtained for emergency or unusual conditions with formal approval as soon thereafter as practicable. FDOT has established a standard form for documenting the required FHWA approvals. Our review of 16 project changes occurring in the 2004-05 fiscal year, which related to six FHWA oversight projects, disclosed the following:</p> <ul style="list-style-type: none"> • For one project change that included non-Federal participating costs totaling \$39,186, the non-Federal items were coded as Federal participating in FDOT's Construction Management system. • For one project change executed in May 2005, which increased costs by \$56,773, FDOT did not have signed FHWA approval at the date of our inquiry in November 2005. Although the receipt of a verbal approval in March 2005 had been documented on the standard form, formal signed FHWA approval was not obtained until December 2005. • For one project change executed in December 2004, which increased costs by \$102,954, FDOT did not have documentation of FHWA prior approval. The FHWA approval date was December 30, 2004; however, the supplemental agreement between FDOT and the contractor was executed on December 3, 2004. FDOT personnel indicated that prior verbal approval had been obtained; however, the verbal approval date was inadvertently omitted on the standard form.
Cause	Established FDOT procedures were not followed by FDOT personnel processing the appropriate contract change forms.
Effect	Non-Federal items that are improperly coded in the Construction Management system will result in improper coding of the payments by FDOT to the contractor, which will then be claimed by FDOT for reimbursement from FHWA. As of December 2005, \$15,509 of the above \$39,186 had been incurred and coded as Federally participating on contractor payments. Subsequent to our inquiry, FDOT personnel made a correcting entry of \$39,186 in the Federal billing system to ensure that these non-Federal costs would not be claimed as Federal participating. In the absence of documentation of FHWA approvals for project

changes, compliance with applicable Federal regulations and FDOT Procedures cannot be demonstrated.

Recommendation

We recommend FDOT ensure FHWA approvals are properly documented and that any non-Federal project changes affecting cost are properly coded to preclude any claims for Federal reimbursement.

State Agency Response and Corrective Action Plan

1. We agree that FHWA approvals on supplemental agreements for FHWA full oversight projects should be properly documented. Obtaining verbal approvals from FHWA engineers on project changes is a common practice allowed by the FHWA Florida Division Office when time is of the essence on executing supplemental agreements. FDOT District personnel make every effort to obtain written approval as soon as possible following verbal approval for changes.

However, on some occasions the approval document is sent to FHWA for their signature, and the FHWA engineer does not respond in a timely manner. This was the case on project number 0955-267-I. The document was sent to FHWA one month prior to execution of the supplemental agreement, but the FHWA engineer did not respond. A reminder was later sent by District staff, and the FHWA engineer responded five weeks later with the signed document.

FDOT will take steps to ensure written approval is obtained in a timely manner for all project changes to FHWA oversight projects. These steps will include sharing this audit finding with FHWA Florida Division staff to ensure they are aware of their responsibilities in this regard. FDOT will also issue additional guidance to the District staff to ensure they are also aware of their responsibilities in this regard.

2. We agree that District personnel did not follow proper procedure to identify portions of the item quantities as Non-Federal Participating. The Office of Construction will remind the Districts that in the creation of contract changes, proper instructions should be followed on identifying appropriate items as FA [Federal Aid] nonparticipating. We will also emphasize that if reporting against items on a contract where there are both FA participating and FA nonparticipating, then documentation of work for this should occur first against the FA nonparticipating item.

We will also remind the Districts that no work is to proceed on any contract change until proper approvals have been received from the FHWA and documented.

Agency Contact and Telephone Number

James Jobe, Manager, Federal Aid Management Office
(850) 414-4448

Jim Johnson, Construction Systems Engineer, Office of Construction
(850) 414-4144

Estimated Corrective Action Date

March 31, 2006

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U.S. ENVIRONMENTAL PROTECTION AGENCY

Finding Number	FA 05-021
CFDA Number	66.458 and 66.468
Program Title	Capitalization Grants for Clean Water State Revolving Funds (CWSRF) and Capitalization Grants for Drinking Water State Revolving Funds (DWSRF)
Compliance Requirement	Activities Allowed or Unallowed and Program Income
State Agency	Florida Department of Environmental Protection (FDEP) Florida Executive Office of the Governor (FEOG) Florida Department of Financial Services (FDFS)
Finding Type	Material Noncompliance Questioned Costs – \$2,634,264.63 (\$2,355,885.74 CFDA No. 66.458; \$278,378.89 CFDA No. 66.468)
Finding	Clean Water (CWSRF) and Drinking Water State Revolving Funds (DWSRF) were used for an unallowable purpose.
Criteria	40 CFR 31.25 Program income; 40 CFR 35.115 Eligible Activities of the SRF; 40 CFR 35.3525 Authorized types of assistance from the Fund; 40 CFR 35.3530 Limitations on uses of the Fund; Section 215.24 Florida Statutes, OMB Circular A-87, Attachment B, Section 19., General Government Expenses
Condition	The State's general revenue service charge, which is not an allowable use of CWSRF and DWSRF funds, has been assessed against CWSRF and DWSRF service fees and CWSRF grant allocation assessments deposited into the FDEP Grants and Donations Trust Fund and against the investment earnings associated with those fees and assessments. For the four fiscal years ended June 30, 2005, \$2,355,885.74 and \$278,378.89 of CWSRF and DWSRF funds, respectively, have been deposited into the State's general revenue fund. Such amounts deposited during 2004-05 fiscal year were \$798,540.45 (CWSRF) and \$78,872.31 (DWSRF).
Cause	State law provides that a service charge will be assessed on all income of a revenue nature deposited in State trust funds unless specifically exempted pursuant to State law or by the Governor. The CWSRF and DWSRF service fees and grant allocation assessments deposited in the FDEP Grants and Donations Trust Fund, and related investment earnings, are not specifically exempted by State law. In May 2003 FDEP requested but did not receive a service charge exemption for those revenues from the Governor's Office.
Effect	Program funds were used for purposes not authorized by Federal regulations.
Recommendation	We recommend that FDEP continue to pursue the service charge exemption with FEOG. In addition, we recommend that service charges improperly assessed be restored to the programs. The FDEP should consult with the FEOG and FDFS to facilitate the restoration of program funds.
State Agency Response and Corrective Action Plan	Florida Department of Environmental Protection: During fiscal year 2002-2003, improved internal financial reporting alerted FDEP SRF program staff that the CWSRF and DWSRF service fees and grant allocations were being assessed with the general revenue service charge and had been since fiscal year 2000. FDEP program and financial staff reviewed applicable federal and state laws, rules and regulations and confirmed that the general revenue service charge was not an allowable use of CWSRF and DWSRF funds, and therefore, the CWSRF and DWSRF service fees and grant allocations should be exempt from the general revenue service charge assessment. Section 215.22(3), Florida Statutes, provides for exemption from the general revenue service charge for certain fees upon approval by the Executive Office of the

Governor. In May 2003, FDEP requested, but did not receive, such exemption from the Executive Office of the Governor. FEOG indicated that they would revisit the request upon receipt of clarification from USEPA [U.S. Environmental Protection Agency]. FDEP program staff verbally requested but did not immediately receive such clarification from USEPA. However, on October 20, 2005, USEPA issued guidance clarifying the definitions of services fees, program income, and allowable uses of service fees based on existing federal law and regulations. Also, in response to the OAG's P&T [Auditor General's preliminary and tentative findings], USEPA has issued a letter dated February 23, 2006, specifically identifying the State's general revenue service charge as an unallowable cost of the CWSRF and DWSRF programs.

FDEP will continue to pursue the service charge exemption with FEOG, and will consult with FEOG and FDFS to restore all improperly assessed service charges to the programs.

Florida Executive Office of the Governor:

The Executive Office of the Governor (EOG) relied on the statutory provisions of subsection 215.22(3), Florida Statutes, when it reviewed the Department of Environmental Protection's (DEP) 2003 request for exemption from the General Revenue service charge on the service fees applied to the loans of these programs. The statute reads as follows:

(3) In addition to the exemptions enumerated in subsections (1) and (2), the Executive Office of the Governor is authorized to exempt any income when, by the operation of this law and pursuant to s. 215.24, federal matching funds or contributions or private grants to any trust fund would be lost to the state.

Note that no federal funds or state match are included in the moneys on which the service charge was imposed. Federal funds for drinking water and waste water revolving loans are placed in dedicated state trust funds. The state General Revenue match is appropriated into those same trust funds and 100 percent of loan repayments are considered federal funds not subject to the service charge. Local governments do pay service fees and application fees related to the loans, with those fees deposited into a different state trust fund to which the service charge does apply. Those fees are used to support the administration of the program and to provide grants to local governments that would not have the resources to repay loans, essentially providing a state supplement to the federal/state program.

EOG was of the opinion that it did not have authority to grant the exemption because there was no evidence to show the state would lose federal funds as a result of assessing the service charge on the loan service fees. The federal regulations contain statements such as:

Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (40 CFR 31.25(d))

Based on the federal guidance issued in the October 20, 2005 Federal Register, we concur that the service charge should not be assessed, and we will approve an exemption from the service charge retroactive to that date. Prior to this guidance the EOG had applied a reasonable reading to the federal regulations in determining that the service charge was allowable.

We agree that beginning October 20, 2005 the service charge will not be applied and will be refunded from that date forward. We further agree that the assessment should no longer be made by the Department of Financial Services.

Agency Contact and Telephone Number	<p>Florida Department of Financial Services:</p> <p>The Chief Financial Officer (CFO) will comply with the certification required by Section 215.24(1), Florida Statutes, when provided. The CFO will also refund previously paid service charges in accordance with Section 215.24(2), Florida Statutes, based upon that certification.</p>
	<p>Florida Department of Environmental Protection:</p> <p>Program contact: Geof Mansfield; Senior Management Analyst</p> <p>Financial contact: Lynda Watson, Chief of Finance and Accounting 3900 Commonwealth Boulevard, MS 75 Tallahassee, Florida 32399-3000 (850) 245-2420 Lynda.Watson@dep.state.fl.us</p>
	<p>Florida Executive Office of the Governor:</p> <p>Sandy Sartin (850) 487-1880</p>
	<p>Florida Department of Financial Services:</p> <p>Allen Reams (850) 413-5565</p>
Estimated Corrective Action Date	<p>Florida Department of Environmental Protection:</p> <p>Upon approval by FEOG, FDEP will discontinue payment of the general revenue service charge for CWSRF and DWSRF service fees and grant allocations. FDEP will continue to work with FEOG and FDFS to identify general revenue service charges improperly assessed against CWSRF and DWSRF service fees and grant allocations and to restore identified amounts to the CWSRF and DWSRF programs by June 30, 2006.</p> <p>Florida Executive Office of the Governor:</p> <p>March 20, 2006</p> <p>Florida Department of Financial Services:</p> <p>Within 10 days of receipt of the exemption certification and refund request.</p>

U.S. ENVIRONMENTAL PROTECTION AGENCY

Finding Number	FA 05-022
CFDA Number	66.468
Program Title	Capitalization Grants for Drinking Water State Revolving Funds (DWSRF)
Compliance Requirement	Reporting
State Agency	Florida Department of Environmental Protection (FDEP)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	Cumulative financial information reported by FDEP in the Drinking Water State Revolving Fund Annual Report for State Fiscal Year 2004 (Annual Report) was not always presented using consistent methodologies and could not always be reconciled to the State's accounting system (FLAIR).
Criteria	40 CFR 35.3570
Condition	<p>FDEP presented financial information in eight tables in the Annual Report. Several of the tables presented cumulative information back to 1998, the inception of the program. We reviewed all of the information presented in the tables and found instances in which the information presented was incorrect, incomplete, or inconsistent. Specifically, we noted:</p> <ul style="list-style-type: none"> • One table (Table 5a: Loan Decreases for SFY 2004) omitted a project in which the loan and grant amounts decreased \$196,698, thereby affecting amounts reported for net awards, funds available, and actual binding commitments in four other tables (Table 1: Projects Funded in SFY 2004, Table 2: Summary of Revenues and Commitments, Table 5: Source and Use of Funds, and Table 7: Binding Commitments and Federal Payments to the LOC). • Interest earned on investment of the revolving fund's excess cash was reported in three tables (Table 2: Summary of Revenues and Commitments, Table 4: Fund Balances, and Table 5: Source and Use of Funds) using the accrual basis for the 1998–01 fiscal years, and a modified cash basis for the 2002–04 fiscal years. Additionally, using either of these two methods was not consistent with other information presented on the cash basis within the same tables. This inconsistent presentation underreported total program revenues by \$110,139. • Amounts reported as deposits to the revolving fund were approximately \$2.1 million less than that reported by FLAIR (Table 4: Fund Balances). This discrepancy along with the \$110,139 noted above resulted in the reported cumulative cash balance of the revolving fund being understated by approximately \$2.2 million. • In two tables (Table 3: Administrative Expenses and Table 6: DWSRF Set-Aside Expenses for SFY 2004), draw and expenditure amounts relating to administrative set-asides could not be reconciled to FLAIR. Possible reasons for the discrepancies include Annual Report amounts not including all set-aside modules, funds, or applicable FDEP organizational units.
Cause	Changes in personnel and the absence of written desk procedures (detail instructions) contributed to a lack of understanding regarding what should be presented in the Annual Report and the appropriate methodology for collecting and presenting the information.

Effect	Information presented in the Annual Report may not provide the U.S. Environmental Protection Agency (USEPA) with complete and accurate information regarding the financial status of the DWSRF Program.
Recommendation	We recommend that FDEP develop written desk procedures for the preparation of the Annual Report. To ensure financial information presented in the Annual Report can be reconciled to FLAIR, Program personnel should seek input from FDEP Finance and Accounting personnel as to appropriate sources and methodologies for obtaining the information. The procedures discussed above should also include a documented review process that includes both Program and Finance and Accounting personnel. Additionally, we recommend that FDEP obtain from the USEPA clarification, as needed, regarding what information should be provided in the report.
State Agency Response and Corrective Action Plan	FDEP Program personnel, in consultation with FDEP Finance and Accounting personnel, will develop written desk procedures for the preparation of the Annual Report, including procedures for reconciling financial data to FLAIR and a documented program and financial review process. As needed, FDEP will obtain clarification from the USEPA regarding information to be provided in the report.
Agency Contact and Telephone Number	SRF Program contact: Geof Mansfield; Senior Management Analyst Financial contact: Lynda Watson, Chief of Finance and Accounting 3900 Commonwealth Boulevard, MS 75 Tallahassee, Florida 32399-3000 (850) 245-2420 Lynda.Watson@dep.state.fl.us
Estimated Corrective Action Date	Written procedures will be developed by June 30, 2006, and implemented for preparation of the FY 2005-2006 Annual Report, which is due to USEPA by September 30, 2006.

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U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-023
CFDA Number	Various
Program Title	Various (See Condition)
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition Questioned Costs – \$14,346.05
Finding	Absent prior approval as required by the State’s budgetary process and Federal regulations of the U.S. Department of Education (USED), FDOE management incorrectly applied charges to various Federal programs for the purchase of an infrastructure project.
Criteria	Section 216.011, Florida Statutes, Section 216.0158, Florida Statutes, and OMB Circular A-87 (Revised 05/10/04)
Condition	<p>Federal regulations provide that to be allowable under Federal awards, costs must be authorized or not prohibited under State or local laws or regulations. Further, capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency, and equipment and other capital expenditures are unallowable as indirect costs. Federal regulations further provides that general purpose equipment means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.</p> <p>Accordingly, State laws provide that by analyzing the trends and conditions, goals and objectives, and current facilities inventory, each agency shall determine its unmet and forecasted future needs and shall submit to the Executive Office of the Governor, in a manner prescribed by the legislative budget instructions, a short-term plan for facility needs covering the next 5-year period. The short term plan shall list the agency’s needs in order of priority and shall include preventive maintenance strategies, expected replacement of existing facilities, expected improvements or additions to facilities on a specific project-by-project basis, estimated cost, and other information as prescribed by the legislative budget instructions.</p> <p>One of the 12 expenditure transactions of the Special Education – Grants to States Program (Program) that we reviewed disclosed the FDOE’s procurement procedures appeared to be contrary to the above-noted State and Federal requirements. During the 2004-05 fiscal year, the FDOE paid \$142,874.81 for equipment including a generator and later charged the Program, along with other various Federal programs a portion of this cost totaling \$14,346.05 for the major programs listed below.</p> <p>84.002 – Adult Education - State Grant Program (\$2,799.41) 84.027 – Special Education - Grants to States (\$7,001.05) 84.048 – Vocational Education - Basic Grants to States (\$4,545.59)</p>
Cause	Subsequent to audit inquiry, FDOE personnel stated, “Because of the potential for loss and damage to communication and data systems and equipment whenever power outages occur, it is incumbent on Department of Education (DOE) management to minimize the risk of destruction of these systems. Please note

that these systems and equipment are essential to the effective functioning of the entire Department, including all of the federal programs. To protect these vital systems and equipment, an emergency infrastructure upgrade project was developed that involved contracted services and the purchase of necessary equipment including a generator.”

In addition, FDOE personnel stated, “During the planning phase, the DOE staff discussed with the Department of Management Services (DMS) the possibility of that agency funding certain aspects of the project that represented facilities-related expenditures, such as the generator and air conditioning system. As the owner of the building, DMS determined that implementation of this project was not under its purview and not covered under the terms of the lease agreement between DMS and DOE.” Additionally, FDOE personnel stated, “Although the infrastructure upgrade project was a priority for the Department, a legislative budget request was not submitted. DOE determined that, since this was an emergency project, any resulting appropriation would not have provided funding within the timeframe necessary to complete the work and protect the existing data systems and that such a request was not necessary since the expenditures to complete the project could be accommodated within the Department’s existing and continuation budgets. It should be noted that emergency repairs and maintenance are allowed in continuation budgets....In summary, since the DOE did not submit a legislative budget request specific to these expenditures and the budget for the expenditures was part of the Department’s continuation operating budget authorized by the GAA [General Appropriations Act], specific approval from the Legislature was not required. Because the DOE considers these expenditures to be covered under the definition of maintenance, operations and repairs, no prior authorization from federal agencies was required.”

Effect	FDOE incorrectly applied charges to various Federal programs for the purchase of an infrastructure project, resulting in these programs incurring charges that may not be allowable.
Recommendation	We recommend that FDOE obtain approvals as required in accordance with the applicable State and Federal provisions. If the costs are disallowed by the Federal granting agency, we recommend that FDOE promptly reimburse the applicable programs.
State Agency Response and Corrective Action Plan	As stated in response (excerpts quoted above) to the auditors, FDOE does not agree that charges were incorrectly applied to Federal programs for this purchase. FDOE specifically characterizes expenditures for this project as maintenance, operations, and repairs. Office of Management and Budget (OMB) Circular A-87 (Revised 05/10/04), Attachment B, item 25 – Maintenance, operations, and repairs, states that “Unless prohibited by law, the cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like are allowable to the extent that they: (1) keep property (including Federal property, unless otherwise provided for) in an efficient operating condition, (2) do not add to the permanent value of property or appreciably prolong its intended life, and (3) are not otherwise included in rental or other charges for space....” The infrastructure project was specifically designed to keep property (including hardware, software, and data) in efficient operating condition. The project did not add to the permanent value of the property or prolong its intended life. The cost was not included in the rental cost as demonstrated by a Department of Management Services determination that the project was not within its purview. Given these circumstances, the costs were appropriately allocated to the various federal programs and prior approval by authorized representatives of the federal agencies was not necessary. As part of

FDOE's comprehensive review of these expenditures, this issue and related information were submitted to outside legal counsel.

Additionally, FDOE did not submit a legislative budget request specific to these expenditures because the budget for the expenditures was part of the Department's continuation operating budget authorized by the General Appropriations Act.

This information will be submitted to USED for resolution.

**Agency Contact and
Telephone Number**

Linda Champion, (850) 245-0406

Martha Asbury, (850) 245-0406

**Estimated Corrective
Action Date**

Documentation will be submitted to USED by March 31, 2006.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-024
CFDA Number	Various
Program Title	Various (See Condition)
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
Finding	FDOE did not document the reasonableness of indirect costs allowed for subawards to State universities and community colleges.
Criteria	<p>OMB Circular A-87, Attachment A, 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 and local laws or regulations; C.2. - In determining reasonableness of a given cost, consideration shall be given to the restraints of requirements imposed by such factors as: sound business practices; arms length bargaining; Federal and State laws; the market prices for comparable goods and services; and significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's costs.</p> <p>34 CFR 74.27 - Allowable Costs</p> <p>34 CFR 80.37 - Subgrants</p>
Condition	<p>We examined project applications and annual project disbursement reports for 15 grants FDOE awarded to State universities and community colleges. The grants included providing professional development and technical assistance, facilitating the acquisition of English language/literacy skills, providing academic enrichment programs, and developing and implementing a comprehensive, systematic organizational design for statewide development in reading. FDOE records did not document the basis on which the reasonableness of the indirect costs charged was determined. In 11 instances, indirect costs charged and included on the individual annual project disbursement reports were based on five percent of total disbursements incurred, the maximum amount allowable pursuant to State law. For the remaining 4 grants, total indirect costs charged were less than five percent of the total disbursements.</p> <p>Based on Department records, approximately \$338,075.22 was charged to the 15 grants for indirect costs. Such projects provided funds from the following major Federal programs:</p> <ul style="list-style-type: none"> 84.002 – Adult Education - State Grant Program 84.027 – Special Education - Grants to States 84.048 – Vocational Education - Basic Grants to States 84.287 – 21st Century Community Learning Centers 84.357 – Reading First State Grants 84.367 – Improving Teacher Quality State Grants
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 for the nature of the services provided.
Recommendation	We recommend that FDOE document the reasonableness of indirect cost amounts allowed in subawards to State universities and community colleges. Effective December 16, 2005, Section 216.346, Florida Statutes, was revised to remove the five percent limitation on indirect cost charges and provide that a reasonable percentage may be charged.
State Agency Response and Corrective Action Plan	Given the recent statutory revision, FDOE has requested that each state university and community college provide a copy of the approved indirect cost rate(s). This information will be used as the basis for establishing procedures relative to a reasonable indirect cost rate for state universities and community colleges, consistent with both state statute and OMB Circular A-87.
Agency Contact and Telephone Number	Christian Kinsley (850) 245-9218
Estimated Corrective Action Date	June 30, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-025
CFDA Number	Various
Program Title	Various (See Condition)
Compliance Requirement	Cash Management
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDOE does not have written procedures regarding the reconciliation of FDOE accounting records and U.S. Department of Education (USED) records. In addition, FDOE failed to prepare reconciliations between FDOE accounting records and USED records for quarters ended September 2004 and March 2005. Also, the reconciliation for the quarter ended June 2005 was not prepared on a timely basis.
Criteria	The reconciliation of the Federal and State systems used to administer and account for Federal programs is an essential component of an effective financial management system.
Condition	<p>FDOE utilizes the USED's Grants Administration and Payment Systems (EDGAPS) to electronically draw Federal award moneys daily. FDOE utilizes the State's accounting system (FLAIR), to record financial transactions. Although FDOE has no written procedures regarding the reconciliation of the EDGAPS and FLAIR, the FDOE did provide the USED an update, dated October 16, 2002, on the status of its corrective action plan associated with a similar finding in audit report No. 02-192, finding No. 01-045. FDOE stated that monthly reconciliations were being performed on a quarterly basis.</p> <p>FDOE's daily operating procedures include personnel producing a coding sheet at the completion of a draw from EDGAPS and manually entering the information into FLAIR. In order to ensure that FLAIR and EDGAPS agree or that only appropriate differences exist between the two systems, FDOE performs a reconciliation. For fiscal year 2004-05, FDOE completed a reconciliation for the quarter ended December 2004. No reconciliations were performed for the quarters ended September 2004 and March 2005. For the quarter ended June 2005, a reconciliation was completed; however, it was completed December 27, 2005.</p> <p>We reviewed the reconciliation for the quarter ended June 2005 relative to 29 project awards associated with major Federal programs. The reconciliation provided disclosed differences between FLAIR and EDGAPS for 5 project awards totaling \$142,776.12. No adjusting entries to FDOE's accounting records had been made for these 5 project awards at the time of our inquiry. On January 31, 2006, subsequent to our review of the June 2005 reconciliation, FDOE corrected its accounting records for these five differences between FLAIR and EDGAPS.</p> <p>These 5 project awards pertained to the following USED Federal programs audited:</p> <ul style="list-style-type: none"> 84.048 – Vocational Education – Basic Grants to States 84.367 – Improving Teacher Quality State Grants
Cause	Due to the timing of FDOE's annual financial statement process, the reconciliation for the quarter ended September 2004 was not performed. Also, due to the absence or position change of certain key personnel, the quarter ended March 2005 reconciliation was not performed in the 2004-05 fiscal year, and the

	reconciliation for the quarter ended June 2005 was not completed until December 27, 2005.
Effect	FDOE has limited assurance that EDGAPS and FLAIR agree and that financial status reports, when required by Federal regulations, are accurate.
Recommendation	We recommend that FDOE perform reconciliations on a more frequent and timely basis. In addition, we recommend FDOE develop written procedures for the preparation of these reconciliations.
State Agency Response and Corrective Action Plan	The Department has always had procedures in place that require a reconciliation of financial transactions in the EDGAPS system to the state accounting system for each month performed on a quarterly basis. Because this reconciliation is a cumulative process, the June 2005 reconciliation included the previous quarters ended September 2004, and March 2005. The Department's written procedures have been prepared to specify timelines and have been updated to provide for monthly reconciliations. This will ensure that the process is completed on a monthly basis within a specified timeline.
Agency Contact and Telephone Number	Christian Kinsley (850) 245-9218
Estimated Corrective Action Date	Completed

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-026
CFDA Number	Various
Program Title	Various (See Condition)
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 did not always timely obtain subrecipient audit reports. In addition, FDOE had not fully resolved the issues reported in the prior audit report regarding the issuance of management decisions in a timely manner.
Criteria	OMB Circular A-133, Subpart C, Section 320 (a) and Subpart D, Sections 400(d), and 405
Condition	<p>We examined FDOE records documenting the receipt and review of 11 audit reports that were required to be submitted to FDOE as a requirement of the OMB Circular A-133. In our determination as to whether audit reports were timely submitted, we noted one report was received by FDOE 14 months after the end of the subrecipient's fiscal year end resulting in the report being 5 months late. For 3 other audit reports received, the FDOE could not provide the date when the audit reports were received; however, management decisions were issued when applicable.</p> <p>FDOE is responsible for issuing management decisions to subrecipients within six months of receipt of the audit report. We noted that the FDOE had performed follow-up for the 11 audit reports; however, management decisions had not yet been issued for 9 of the 21 findings included in the audit reports.</p> <p>The 9 findings included in the 3 audit reports pertained to the following U.S. Department of Education Federal programs audited:</p> <ul style="list-style-type: none"> 84.002 – Adult Education - State Grant Program 84.010 – Title I Grants to Local Educational Agencies 84.027 – Special Education - Grants to States 84.048 – Vocational Education - Basic Grants to States 84.173 – Special Education - Preschool Grants 84.367 – Improving Teacher Quality State Grants <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-022, audit report No. 2004-168, finding No. 03-32, and audit report No. 03-167, finding No. 02-042.</p>
Cause	FDOE cited various reasons for the above-noted instances including, for example, employee oversight and miscommunication.
Effect	If subrecipient audit reports are not timely obtained and management decisions are not timely issued, FDOE has limited assurance that subrecipients are using Federal funds for authorized purposes and that performance goals are being achieved. Delays may lead to disallowed costs not being repaid and necessary adjustments to FDOE records not being made.
Recommendation	We recommend that FDOE obtain subrecipient audit reports as required by OMB Circular A-133. In addition, we recommend FDOE issue management decisions in a timely manner to allow subrecipients the opportunity to take corrective action or make changes to procedures, if necessary.

State Agency Response and Corrective Action Plan	<p>The Department has procedures that require identification of the date that an audit report is received. To ensure that all reports are recorded timely, a date-stamp machine has been located with the Comptroller's Office receptionist. Procedures require employees responsible for audit reviews to ensure that reports are date-stamped.</p> <p>The audit report that was cited as being 5 months late was from the Southwest Florida Workforce Development Board, Inc. and it was significantly delayed due to hurricanes that hit the southwest portion of Florida. Procedures require that staff provide documentation about both the efforts to obtain reports and any justification for delay provided by the subrecipient such as natural disasters. These procedures were followed.</p> <p>With respect to issuance of management decisions to subrecipients, the primary reason for delay is the complexity of the issues involved. In one instance an ongoing investigation by a third party made it impossible to issue a final management decision letter. As the finding noted, in every instance, FDOE had taken timely action to attempt to resolve the issues. We will continue to make every effort to issue management decision letters within six months of receipt of the audit report and will issue a formal status (interim) letter within six months if the management decision is not possible due to the complexity of the issues or other such circumstances.</p>
Agency Contact and Telephone Number	Harrison Rivers (850) 245-9216
Estimated Corrective Action Date	Complete.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-027
CFDA Number	Various
Program Title	Various (See Condition)
Compliance Requirement	Subrecipient Monitoring
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	<p>FDOE had not fully resolved the issues reported in the prior audit and, continues to implement the risk-based targeted approach procedures for monitoring its Local Educational Agencies (LEAs) which is expected to be fully implemented by the end of the 2005-06 school year. FDOE could not provide documentation to support the process that was used to determine the on-site monitoring locations. In addition, FDOE did not always complete and issue final reports in a timely manner. Therefore, corrective action for findings were not communicated and resolved in a timely manner.</p>
Criteria	34 CFR 80.40(a) - Monitoring and reporting program performance and OMB Circular A-133, Subpart D - Pass-through entities
Condition	<p>During the 2003-04 fiscal year, FDOE began to implement new procedures for monitoring its LEAs. Completion of the design of the monitoring system and implementation is expected by the end of the 2005-06 school year.</p> <p>Our review of the processes occurring during this implementation phase disclosed that FDOE is continuing its efforts to implement its risk-based monitoring system for programs that it administers. We noted for the 2004-05 fiscal year, FDOE monitored 22 unique LEAs throughout the State that were applicable to the following major programs:</p> <ul style="list-style-type: none"> 84.002 – Adult Education - State Grant Program (16 LEAs) 84.010 – Title I Grants to Local Educational Agencies, Part A (6 LEAs) 84.048 – Vocational Education - Basic Grants to States (16 LEAs) 84.367 – Improving Teacher Quality State Grants (5 LEAs) <p>However, regarding the four Federal programs, FDOE could not provide documentation that detailed the selection process that was utilized to determine the districts that were monitored as part of its risk-based approach. Additionally, for Title I and Improving Teacher Quality Programs, after the monitoring reviews were completed, a report had not been finalized that demonstrated FDOE had followed up with the grantees informing them of their findings, improvement strategies, or improvement plan procedures, if necessary.</p> <p>A similar finding was noted in audit report No. 2005-158, finding No. 04-021.</p>
Cause	<p>For Title I and Improving Teacher Quality Programs, FDOE personnel stated that "some data was used to select districts for 2004-05 monitoring; however, they could not locate the documentation and the staff who were involved are no longer with the Department". Additionally, for Adult Education and Vocational Education – Basic Grants to States Programs, FDOE personnel indicated that the risk-based targeted approach monitoring procedures were being completed by a new organizational unit.</p>
Effect	<p>FDOE and U.S. Department of Education have limited assurance that the subrecipients have administered Federal programs in compliance with Federal requirements.</p>

Recommendation	We recommend that adequate documentation be maintained on file that supports the selection process for the FDOE's monitoring procedure. In addition, we recommend that after the monitoring reviews have been completed, finalized reports should be completed by FDOE personnel and the districts monitored should be contacted with results in a timely manner. This would help to enhance the monitoring procedures, as well as ensure that the LEAs have an opportunity to take corrective action or make changes to procedures, if necessary.
State Agency Response and Corrective Action Plan	The implementation of a risk-based approach to monitoring of subrecipients was piloted in the spring of 2004. In 2004-05, this methodology was expanded to include an increased number of districts and programs. The plan for implementation of this approach calls for completion by the end of the 2005-06 school year. FDOE has consistently followed the plan for implementation and will meet all of the targets by the end of 2005-06. Documentation of the subrecipient selection process and the issuance of timely reports are important elements of the entire process. This final phase of the implementation plan requires that a large number of FDOE staff members be involved and familiar with the processes and procedures. As a result, the effect of staff turnover will be minimized. For 2005-06, subrecipients have been selected using the risk-based approach, in combination with other factors, and the procedures have been well documented. The Department has undertaken and completed a process management review to ensure the establishment of reasonable timelines and to build in accountability for completion of each step.
Agency Contact and Telephone Number	Martha K. Asbury (850) 245-0406
Estimated Corrective Action Date	As planned, the final implementation phase will be completed by the end of the 2005-06 school year.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-028
CFDA Number	84.002
Program Title	Adult Education – State Grant Program
Compliance Requirement	Allowable Cost/Cost Principles
State Educational Entity	Miami Dade College (MDC)
Federal Grant/Contract Number and Grant Year	Adult Education and Family Literacy – Comprehensive Family Literacy 132-1915A-5CF03, July 1, 2004 – June 30, 2005
Finding Type	Material Noncompliance Questioned Costs – \$3,938
Finding	Equipment purchases with Federal grant funds were not authorized by the grant and may be unallowable.
Criteria	OMB Circular A-21, Section C.3.
Condition	For 2 of 25 transactions tested, the institution incurred expenses that were not authorized in the grant budget approved by the Florida Department of Education (FDOE). In June 2005, the institution used grant funds to purchase two laptop computers, totaling \$2,550, and a Dell projector for \$1,388, during the final month of the grant. Upon audit inquiry, the institution indicated that these purchases were for presentations for Parenting Workshops required by the grant and for other instructional uses in the Adult Education Program; however, it is not apparent how the equipment would benefit the grant since the grant period at the time of the purchase was nearly over.
Cause	Program expenditures were not properly reviewed by the institution to ensure timely expenditure of grant moneys.
Effect	The institution may have to repay the grant from non-Federal funds if it is determined that the questioned costs are disallowed.
Recommendation	The institution should enhance its procedures to ensure that grant moneys are timely expended to benefit the grant. Also, the institution should return \$3,938 to the grant if the charges are determined to be disallowed.
MDC Response and Corrective Action Plan	The College agrees with the recommendation and has taken the appropriate actions required to mitigate errors of this nature in the future.
MDC Contact and Telephone Number	Geoffrey Gathercole, Director Community Education (305) 237-2768
Estimated Corrective Action Date	Completed

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-029
CFDA Number	84.010
Program Title	Title I Grants to Local Educational Agencies (LEAs)
Compliance Requirement	Special Tests and Provisions – Comparability
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDOE had not resolved the issues reported in the prior audit and, continued to not monitor the local educational agencies' (LEAs) compliance with Title I comparability requirements on a timely basis. Additionally, FDOE did not receive the required comparability reports from all LEAs.
Criteria	OMB Circular A-133 Compliance Supplement – March 2004, Special Tests and Provisions – Comparability; 20 USC 6321 (c), Comparability of Services
Condition	<p>Comparability is one of the fiscal requirements that LEAs must comply with to continue receiving Title I funds from one school year to the next. A 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.</p> <p>The comparability reports for the school year 2004-05 were due to FDOE by December 17, 2004. Based on our review on August 18, 2005, we determined that the reports had not yet been reviewed by Department staff. FDOE staff indicated that the reports would not be available for our review until the week of October 3, 2005. Documentation was not provided for review until November 21, 2005.</p> <p>In addition, FDOE required all LEAs to submit comparability reports for the school year 2004-05. Eighteen LEAs submitted their report late and three LEAs did not submit a report at all.</p> <p>A similar finding was noted in audit report No. 2005-158, finding No. FA 04-025.</p>
Cause	FDOE indicated that there were not sufficient staff resources to ensure that all comparability reports were received and reviewed in a timely manner.
Effect	Noncompliance with comparability requirements may result in loss of funds for the LEA.
Recommendation	We recommend that FDOE ensure the comparability reports are received and reviewed in a timely manner to evaluate whether the LEAs are in compliance with Federal laws.
State Agency Response and Corrective Action Plan	The USED monitored this program in May, 2005, and provided additional direction with respect to the comparability requirements. In an effort to streamline this process FDOE has investigated alternative methods of meeting the comparability requirements, specifically, use of data available through the Department's existing data systems. Although FDOE is capable of implementing such an alternative method, it is necessary to consult with USED prior to revising our procedures. The activities related to this consultation are ongoing. In the interim, FDOE has revised guidance to the subrecipients and will ensure that all LEAs submit required comparability reports, that appropriate personnel are identified and trained to complete the review, and that noncompliance with requirements is corrected in a timely manner. Additionally, compliance with comparability

requirements is included in the risk-based monitoring procedures currently being implemented by FDOE.

**Agency Contact and
Telephone Number**

Jerry Whitmore, (850) 245-0686
Martha Asbury, (850) 245-0406

**Estimated Corrective
Action Date**

June 30, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-030
CFDA Number	84.032
Program Title	Federal Family Education Loans (FFEL)
Compliance Requirement	Reporting
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	N/A
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 2004 Federal fiscal year (FFY) presented incorrect balances for various line items in the report.
Criteria	34 CFR 682.410(a)(4), Fiscal, Administrative, and Enforcement Requirements and Guaranty Agency Financial Report Instruction Guide
Condition	<p>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.</p> <p>During our current review of the ED Form 2000 annual report for the 2004 FFY, as revised March 2005, we noted the following discrepancies:</p> <ul style="list-style-type: none"> • Line AR-1 Loans Guaranteed (Except Federal Consolidation) was overstated by \$4,006,133 due to the inclusion of the original loan principal for pending loan guaranty applications. The difference represented .04 percent of the total amount reported. • OSFA did not use a consistent methodology for reporting the amount of loans canceled for lines AR-2 All Loans Canceled (Except Federal Consolidation), AR-4 Federal Consolidation All Loans Canceled, AR-5 Uninsured Loans, AR-12 Loans Paid-In-Full, and AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans. Further, AR-14 Total Loans in Deferment Prior to First Payment did not include a consideration of canceled amounts in the total reported. • OSFA reported line AR-8 Default Claims Paid in the amount of \$1,246,559,765. As part of the calculation of this amount, OSFA subtracts loan payments received between the claim paid date and the reinsurance date. Currently, the amount of payments is subtracted based on the borrower, rather than the individual loan which could result in the same payment being subtracted multiple times if a borrower had more than one defaulted loan. For the 2004 FFY report, OSFA reduced the amount reported for default claims paid by \$2,344,904 for these types of payments. <p>OSFA personnel indicated that, prior to the filing of the 2005 FFY report, additional programming would be implemented to ensure that the above noted reporting errors would be corrected.</p> <p>Similar findings were noted in previous audit reports most recently in audit report No. 2005-158, finding No. FA 04-026.</p>

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.
Recommendation	We recommend that OSFA personnel ensure that the appropriate programming changes are made and implement additional control measures designed to ensure the accuracy of reported information.
State Agency Response and Corrective Action Plan	System programming changes related to AR-1, AR-2, AR-4, AR-5, AR-12, AR-13, and AR-14 were implemented in November 2004. System programming changes for AR-8 were implemented in October 2005. The 2005 annual report properly reflects all these programming changes. The differences related to the reporting of AR-2, AR-4, AR-5, AR-12, AR-13, and AR-14 ranged from .01 to .20 percent of the total amount reported. The difference related to AR-8 represented .09 percent of the total amount reported. Based on the guidelines issued by USED, these differences are well below the two percent threshold established for the determination of materiality. Therefore, we do not consider the reliability of the report to be impaired and there was no harm to the federal interest.
Agency Contact and Telephone Number	Janie Westberry (850) 410-6810
Estimated Corrective Action Date	Needed Corrective Actions were completed in October 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number FA 05-031
CFDA Number 84.032
Program Title Federal Family Education Loans (FFEL)
Compliance Requirement Reporting
State Agency Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year N/A
Finding Type Reportable Condition

Finding The projected ending balances of FDOE’s Office of Student Financial Assistance (OSFA) Federal Fund is less than the recommended minimum balances established by the United States Department of Education (USED) Office of Federal Student Aid.

Criteria 34 CFR 682.410(a)(4), Fiscal Administrative, and Enforcement Requirements; Guaranty Agency Financial Report ED Form 2000 Instruction Guide issued by USED Office of Federal Student Aid; and USED Guaranty Agency Review Guide 2A.9 ED Form 2000 Projection Model

Condition As shown in the table below, OSFA has projected an ending balance for its Federal fund that is less than the minimum balance established by the USED Office of Federal Student Aid.

	2005 FFY	2006 FFY	2007 FFY	2008 FFY	2009 FFY
Projected Ending Balance (Line AR-26)	\$ 26,616,632	\$ 19,136,160	\$ 11,064,313	\$ 4,542,701	(\$2,500,595)
Allowances and Other Non-Cash Charges (Line AR-56)	18,204,476	18,204,476	18,204,476	18,204,476	18,204,476
Adjusted Ending Balance	44,821,108	37,340,636	29,268,789	22,747,177	15,703,881
Recommended Minimum	68,001,137	70,721,182	73,550,029	76,492,030	79,551,711
Shortage	(23,180,029)	(33,380,546)	(44,281,240)	(53,774,853)	(63,847,830)

Cause The amount paid in claims to lenders is outpacing the revenues received from USED in reinsurance.

Effect Significant decreases in the Federal Fund could impede OSFA’s ability to pay claims.

Recommendation We recommend that OSFA closely monitor the financial position of its Federal Fund and take actions to ensure that the projected Federal Fund balance does not remain below the USED recommended minimum balance.

State Agency Response and Corrective Action Plan FDOE/OSFA does not agree with the stated finding. The projected ending balance stated on Line AR-26 is a calculation required by USED to show the projected ending balance should a guaranty agency discontinue operation in the current year. It does not, and is not intended to, reflect an actual ending fund balance. In fact, the current Federal Fund balance is four times greater than required by Federal law. Specifically, FDOE/OSFA closely monitors the balance of the FFEL fund. The fund is in compliance with 34 CFR 682.419(e), which

states, "the guaranty agency must maintain a minimum Federal Fund level equal to at least 0.25 percent of its insured original principal amount of loans outstanding." ED Financial Partners released each guaranty agency's "Reserve Ratio" based on the 2004 annual report. FDOE's ratio at that time was 1.101%, which is approximately four times the required minimum. FDOE/OSFA ranks second among 36 guaranty agencies in this regard. Additionally, Congress has recently enacted the Deficit Reduction Act that requires a 1% default fee to be deposited into the guaranty agency's Federal Fund for all Stafford loans guaranteed on or after July 1, 2006. The mandatory collection of this fee will provide additional support for the continued compliance with the applicable Federal regulations.

Agency Contact and Telephone Number

Janie Westberry
(850) 410-6810

Estimated Corrective Action Date

Compliance is ongoing

Auditor's Remarks

The projected ending fund balances referred to in this finding, as restated by FDOE, are not actual ending fund balances. The projected ending fund balances are used by USED to verify that the guaranty agency (FDOE) will be able to pay claims in the projected years. Section 2A.9 ED Form 2000 Projection Model of the USED Guaranty Agency Review Guide outlines the calculation and use of the projection.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-032
CFDA Number	84.032
Program Title	Federal Family Education Loans (FFEL)
Compliance Requirement	Special Tests and Procedures
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition Questioned Costs – \$7,674.08
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	<p>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.</p> <p>We reviewed default aversion fees associated with 37 consolidation loans and noted for 12 loans, all with multiple segments, the default aversion fee calculated by OSFA was either overstated (6 loans) or understated (6 loans). Overstated fees totaled \$6,639.43 while understated fees totaled \$1,034.65. OSFA uses outside agencies under contract (contractors) to perform its default aversion activities. In addition to the fee errors noted for these 12 loans, the balances referred to OSFA's contractors for 7 of the loans were also in error. Such errors create the possibility that payments to the contractors will be in error.</p> <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-027.</p>
Cause	<p>Errors were due to the recording of consolidation loans larger than \$99,999.99 in segments due to limitations of OSFA's system which caused various problems including the miscalculation of the default aversion fee, inconsistency between the amount of underlying loans and the total amount guaranteed, the reporting of loan balances by lenders for only one segment of a multi-segment loan, and the recording of default aversion efforts as applying to only a portion of a loan. The structure of OSFA's loan records was modified in May 2005, to accommodate larger loan amounts; however, due to variations in the numbering of the loan segments, not all loan segments may have been collapsed into one loan. While the corrections did not retroactively change the result of some processing errors that had previously occurred, OSFA staff also conducted an extensive review of its default aversion programs to ensure that default aversion fees paid to OSFA and the contractors are correctly calculated and appropriately reported.</p>
Effect	By misstating the default aversion fees earned, OSFA may inappropriately transfer funds from its Federal fund and may pay the wrong amount to default aversion contractors.
Recommendation	We recommend that OSFA continue to conduct reviews of its default aversion programs to help ensure that fees earned during the year by both OSFA and the contractors are the correct balances owed and due.

State Agency Response and Corrective Action Plan	FDOE/OSFA policies and procedures are in place to accurately calculate default aversion fees in accordance with 34 CFR 682.404(k). As stated above, FDOE/OSFA modified the structure of the loan records in May 2005 to accommodate larger loan amounts. Additionally, staff conducted an extensive review of the default aversion programs to ensure that default aversion fees earned by FDOE/OSFA and paid to contractors were appropriate. FDOE/OSFA will continue to closely monitor and review all transfers of funds and payments to contractors for default aversion activities.
Agency Contact and Telephone Number	Janie Westberry (850) 410-6810
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-033
CFDA Number	84.048
Program Title	Vocational Education – Basic Grants to States
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	Miami Dade College (MDC)
Federal Grant/Contract Number and Grant Year	Carl D. Perkins Vocational and Technical Education – Postsecondary 132-1514A-4CP01, July 1, 2003 – June 30, 2004 132-1515A-5CP01, July 1, 2004 – June 30, 2005
Finding Type	Material Noncompliance Questioned Costs - \$8,283
Finding	The institution incurred two expenditures totaling \$8,283. One of the expenditures was not approved prior to purchase as required, and the other expenditure was not allowable as a direct charge to the grant.
Criteria	OMB Circular A-21, Sections B.4, F.1, J.18.
Condition	For 2 of 25 items tested, costing \$8,283, the institution did not comply with Federal requirements. In one instance, the institution did not obtain prior approval from the grantor for the purchase of a Grand Piano costing \$6,595, for grant No. 132-1514A-4CP01. When a special purpose equipment item has an acquisition cost greater than the institution's capitalization cost for financial statement purposes (\$5,000 for the institution), prior purchase approval is required by the grant. Without prior approval, the direct benefit to the grant was not documented. In the other instance, the institution charged directly to grant No. 132-1515A-5CP01, the cost of a laptop computer totaling \$1,688, which was purchased for the use of one of the campus presidents. Per OMB Circular A-21, facilities and administrative (F&A) costs are to be treated as indirect costs by the institution. Costs associated with campus presidents should be incurred as F&A costs, therefore it was not apparent how the purchase of the laptop computer for one of the campus presidents would qualify as a direct charge to the grant.
Cause	The institution was not aware that special purpose equipment with an acquisition cost greater than the institution's capitalization costs for financial statement purposes required prior approval from the grantor. Additionally, staff that charged the laptop computer to the grant as a direct cost did not have an understanding of the grant requirements.
Effect	The institution may have to repay the grant from non-Federal funds if it is determined that the costs are disallowed.
Recommendation	The institution should develop and implement procedures to ensure that grant purchases are allowable and that prior grantor approval is obtained when required for purchases from Federal funds. Also, the institution should return \$8,283 to the grant if the charges are determined to be disallowed.
MDC Response and Corrective Action Plan	The College agrees with the recommendation and has taken the appropriate actions required to mitigate errors of this nature in the future.
MDC Contact and Telephone Number	Cristina Mateo, Dean for Administration, North Campus (305) 237-0825
Estimated Corrective Action Date	Completed

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-034
CFDA Number	84.048
Program Title	Vocational Education - Basic Grants to States
Compliance Requirement	Matching, Level of Effort, Earmarking and Reporting
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	V048A020009 (grant Nos. 1523X, 1533X, 1573X)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$241,347.29
Finding	Available documentation did not evidence that FDOE met the Federal maintenance of effort requirement and that related amounts reported for non-Federal share of outlays on the Final Financial Status Report (FSR) for the period July 2002 through September 2004 were adequately supported.
Criteria	20 Section 2322 USC (2002); 34 CFR 403; 34 CFR 80.41
Condition	<p>A State must expend from non-Federal sources for State administration an amount that is not less than the amount provided by the State from non-Federal sources for State administrative costs for the preceding year. FDOE procedures use non-Federal expenditures for State Leadership activities that are for technical assistance to supplement State administration for meeting the maintenance of effort requirement. On the FSR covering the period July 2002 through September 2004, FDOE reported \$1,388,979.64 from State administration and \$6,513.12 from State Leadership for total non-Federal Share of Outlays. Our review of the FDOE's computation for determining the amounts of State administration and State Leadership disclosed variances attributed to recalculations of provided supporting documentation that resulted in different percentages, other obtained documentation that conflicted with documentation provided by FDOE personnel, no supporting documentation provided to explain reported amounts, and incorrect mathematical calculations. Therefore, available documentation did not support the amounts reported on the FSR.</p> <p>Based on available documentation, our recomputation identified \$857,329 from State administration and \$289,531 from State Leadership, which resulted in a \$241,347 shortfall in meeting the \$1,388,207 maintenance of effort requirement. In response to our audit inquiry, FDOE personnel provided us with another computation that they indicated was based on what employees actually worked on, rather than where and on what activities personnel-related documents indicated employees worked. This new method was to reflect a FDOE reorganization that moved the Division of Workforce Education into the FDOE's Division of Community Colleges, effective July 2002. However, documentation provided for our review that was intended to evidence the reorganization and support FDOE's revised computation contained similar problems as above-noted. Additionally, FDOE was not able to provide evidence that the Florida Executive Office of the Governor approved the reorganization.</p> <p>A similar finding regarding maintenance of effort was also noted in audit report No. 2005-158, finding No. FA 04-031.</p>
Cause	FDOE did not maintain sufficient documentation of the time and effort of employees working on the Program. Additionally, FDOE personnel lacked documentation to support amounts presented in their worksheets.

Effect	FDOE cannot substantiate amounts reported on the FSR as expenditures from non-Federal sources and cannot evidence compliance with maintenance of effort requirements.
Recommendation	We recommend that FDOE enhance its procedures to ensure adequate documentation is prepared and maintained to evidence employees' actual work activities that support all calculations used in determining amounts reported on the FSR and achievement of maintenance of effort.
State Agency Response and Corrective Action Plan	<p>FDOE does not agree with the conclusion reached by the auditors that documentation was not sufficient to support compliance with maintenance of effort requirements of this program. The reorganization mentioned in the statement of condition above refers to the Department-wide reorganization that took place beginning July 1, 2002. This reorganization was designed to implement a Constitutional Amendment and substantial revisions to the Florida School Code which are expressed in Section 1000.02(1), Florida Statutes, "It is the policy of the Legislature (a) To achieve within existing resources a seamless academic educational system that fosters an integrated continuum of kindergarten through graduate school education for Florida's students." A part of this reorganization of the entire Department included assigning Workforce Education to the Division of Community Colleges. Included in the documentation provided to the auditors supporting this reorganization was a presentation to the State Board of Education, along with proposed reorganization charts. It should also be noted that each affected staff member was administratively reassigned and the auditors were provided with copies of the organizational charts showing these administrative reassignments along with copies of the memoranda officially notifying staff of the administrative reassignments. At all times the Executive Office of the Governor was involved in and aware of the organizational changes that were being made to implement the K-20 system as it was intended by the Constitutional Amendment and the revised School Code.</p> <p>The maintenance of effort was calculated based on the work actually performed by the staff involved in this reorganization using procedures previously approved by the USED. The amounts resulting from these calculations are fair and accurate representations of actual effort allocable to the federal program.</p> <p>The FDOE will provide the documentation to the USED and request an expedited review so that a final determination can be made as quickly as possible.</p>
Agency Contact and Telephone Number	Bonnie Marmor, (850) 245-9463 Martha Asbury, (850) 245-0406
Estimated Corrective Action Date	Documentation will be forwarded to USED by March 31, 2006
Auditor's Remarks	Regardless of the organizational structure presented, our review disclosed variances that were attributed to errors in amounts calculated, conflicting documentation, or the lack of supporting documentation.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-035
CFDA Number	84.048
Program Title	Vocational Education – Basic Grants to States
Compliance Requirement	Matching, Level of Effort, Earmarking
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	V048A020009
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$60,000
Finding	FDOE did not allot required funding for Nontraditional Training and Education (NTE).
Criteria	20 USC Chapter 44, Subchapter I. Part A, §_2322 (a) (2) (B)
Condition	<p>Federal regulations require the State to set aside, for the purpose of NTE, an amount greater than \$60,000 but not more than \$150,000. The amount allotted, within the given range, is at the discretion of the FDOE. The award's funding period was July 1, 2002, through September 30, 2003, with the carryover ending September 30, 2004.</p> <p>FDOE did not record an allotment and related expenditure of State Leadership funds for NTE in the State's accounting system (FLAIR). FDOE indicates that the duties and responsibilities related to NTE were transferred from a position entitled Gender Equity Coordinator, to nine program area supervisors/consultants. Additionally, the allocation from eight federally funded positions totaling \$61,000 represents expenditures from Perkins Leadership for NTE. The remaining employee was paid from General Revenue funds. However, based on our review, the documentation provided by FDOE does not distinguish between NTE activities and the other subsections of Perkins Leadership. In addition, this documentation did not clearly substantiate the portion of the eight employees' time that was spent on activities or a determination of the amount expended to be at least \$60,000.</p>
Cause	FDOE stated that "all but one of the positions were already coded in whole or part to Perkins Leadership and/or General Revenue and there is not a separate code".
Effect	FDOE cannot evidence compliance with the earmarking requirement for NTE.
Recommendation	We recommend that FDOE enhance its policies and procedures by creating accounting codes to distinguish between subsections of Perkins Leadership so allotments to and expenditures for NTE may be adequately documented.
State Agency Response and Corrective Action Plan	The intent of this particular provision of the law is to ensure that appropriate actions with respect to Nontraditional Training and Education (NTE) will be taken. FDOE's actions in 2002-03, which is the period of time covered by this finding, were fully consistent with the intent of the requirement, which specifically states that a position does not need to be dedicated to this function. However, in subsequent years, FDOE did reallocate a position to this function. During 2002-03, the functions were carried out by the nine persons referenced in the Condition section above. FDOE will review its accounting codes and consult with the USED to determine whether creation of additional codes is necessary to document compliance with very small earmarks such as this one. None of the other subsections of Perkins Leadership have specified minimum amounts associated with them and therefore, separate accounting codes are not necessary. This information will be submitted to USED for resolution.

**Agency Contact and
Telephone Number**

Bonnie Marmor, (850) 245-9463
Martha Asbury, (850) 245-0406

**Estimated Corrective
Action Date**

Documentation will be forwarded to USED by March 31, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-036
CFDA Number	84.048
Program Title	Vocational Education – Basic Grants to States
Compliance Requirement	Period of Availability of Federal Funds
State Educational Entity	Miami Dade College (MDC)
Federal Grant/Contract Number and Grant Year	Carl D. Perkins Vocational and Technical Education – Postsecondary 132-1514A-4CP01, July 1, 2003 – June 30, 2004
Finding Type	Material Noncompliance Questioned Costs - \$224,270
Finding	The institution did not liquidate all obligations during the time period specified in the Florida Department of Education (FDOE) grant award notice. Payments for expenditures were sometimes made subsequent to the date allowed for liquidating obligations.
Criteria	OMB Circular A-133 Compliance Supplement, March 2004, Section 3.H., OMB Circular A-110, .28, and FDOE Grant Award Document
Condition	For 2 of 25 grant expenditures tested, payments were made subsequent to August 20, 2004, the last date for liquidating obligations. In both instances, on August 23, 2004, 3 days after the final liquidation date, the institution paid \$76,042 and \$148,228 for classroom projectors and related equipment. The classroom projectors and related equipment were received on August 23, 2004, per the institution's Financial records system; however, according to the institution's property records, the received dates were September 9, 10 and 13, 2004. In either case, the dates are all subsequent to August 20, 2004, the expiration date of the period of availability of funds, and it is not apparent how the grant was benefited since the items were received after the grant was closed.
Cause	Monitoring of the period of availability for the grant was not adequate to ensure compliance and, as a result, invoices totaling \$224,270 were received by fax on the last date allowed for liquidating obligations and the payments for the expenditures were dated 3 days after the last date allowed for liquidating obligations.
Effect	The institution may have to repay the grant from non-Federal funds if it is determined that the costs are disallowed.
Recommendation	The institution should develop and implement procedures to ensure compliance with the grant requirements and the period of availability of Federal funds requirements. Also, the institution should return \$224,270 to the grant if it determined to be disallowed.
MDC Response and Corrective Action Plan	The College has provided appropriate documentation to the auditors to verify the College requested and DOE approved an extension of the liquidation date from August 20, 2004 to August 23, 2004 due to the effects of the 2004 Florida hurricane season. As noted in the finding, the property was received into the installer's warehouse by August 23, consistent with the terms of the grant and liquidation date extension, and final installation at the College was completed in September.
MDC Contact and Telephone Number	Nora Hendrix, Campus President, InterAmerican Campus, (305) 237-6500 E.H. Levering, VP - Business Affairs & CFO, (305) 237-2389
Estimated Corrective Action Date	Not applicable

Auditor's Remarks

The institution provided us with documentation (e-mail communications) confirming its efforts to request that the Florida Department of Education (FDOE) grant it an extension on the filing of the 2003-2004 Carl D. Perkins final report. However, we were not provided information or documentation evidencing that an extension to August 23, 2004, was granted for liquidating all obligations for this grant, and we obtained confirmation from FDOE that no such extension was granted. Further, it is not apparent how these equipment purchases could have benefited the grant award period since the equipment was not placed into use until September 2004, after the grant period was over.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-037
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	H126A040086 2003-05 and H126A050086 2004-06
Finding Type	Reportable Condition Questioned Costs – \$174,237.64
Finding	FDOE did not always timely authorize expenditures for client services.
Criteria	34 CFR 361.50(e), Written policies governing the provision of services for individuals with disabilities - <i>Authorization of Services</i>
Condition	<p>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, specific situations.</p> <p>We reviewed 45 expenditures totaling \$537,414.73 for client services (34 DVR-related expenditures and 11 Division of Blind Services-related expenditures). Our review disclosed that invoices for 10 of these expenditures from DVR totaling \$115,288.64 were authorized by the supervisor 1 to 104 days after services were provided or completed. Based on our inspection of the documented circumstances surrounding each of these instances, there does not appear to be adequate justification for the authorization of any of these services subsequent to their provision or completion. Additionally, we noted that for 3 expenditures from DVR totaling \$58,949, there was a lack of signature or date documentation indicative of supervisory approval, and as such a date of approval could not be determined.</p> <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-033, and audit report No. 2004-168, finding No. 03-42.</p>
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. Furthermore, it promotes sound internal controls over the allowability of costs incurred.
Recommendation	We recommend that FDOE adhere to prescribed procedures regarding the authorization and approval of client services.
State Agency Response and Corrective Action Plan	<p>FDOE/DVR has procedures that require approval of expenditures prior to the delivery of services. The Department will form a team to review and streamline this authorization process and related procedures. FDOE/DVR will also consider additional automation of the authorization process and approvals.</p> <p>FDOE/DVR is providing training on current policies and procedures at supervisors' meetings, counselor training, and through counselor performance reviews. These activities will be repeated and continually emphasized. This increased training will ensure that expenditures are authorized prior to the delivery of services.</p>

**Agency Contact and
Telephone Number**

Linda Parnell
(850) 245-3343

**Estimated Corrective
Action Date**

June 30, 2006 and ongoing

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-038
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	Reportable Condition
Finding	FDOE did not, in some cases, ensure that VR Program regulations pertaining to 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 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	<p>After an applicant has completed an application for vocational rehabilitation services, FDOE either issues a Certification of Eligibility if the individual is determined to be eligible for vocational rehabilitation services or issues a Certification of Ineligibility if the individual is determined to be ineligible for vocational rehabilitation services. This determination must be made within 60 days, unless exceptional and unforeseen circumstances beyond the control of the agency preclude a determination within 60 days and the agency and the individual agree to a specific extension of time.</p> <p>We reviewed case records of 60 individuals (45 serviced by DVR and 15 serviced by the Division of Blind Services (DBS)) and noted 3 instances (3 from DVR) in which determinations of eligibility or ineligibility ranged from 7 to 20 days late.</p> <p>In addition, we reviewed case records for 15 individuals determined to be ineligible (11 serviced by DVR and 4 serviced by DBS). Based on our review, we noted 5 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.</p> <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-034, audit report No. 2004-168, finding Nos. 03-44 and 03-45, and audit report No. 03-167, finding No. 02-048.</p>
Cause	Although DVR had adequate eligibility determination procedures, they were not always followed.
Effect	Untimely determination 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 (such as referral of clients to One-Stop delivery programs) associated with ineligibility determination are met.

State Agency Response and Corrective Action Plan	DOE/DVR is providing training on current policies and procedures at supervisors' meetings, counselor training, and through counselor performance reviews. The current policies and procedures address eligibility timelines and ineligibility requirements. Because of high staff turnover, continuing training will be provided and will include focused attention on eligibility determination timeliness and documentation requirements relative to ineligibility. Further, a major effort is underway to reduce employee turnover. By retaining experienced employees, the FDOE/DVR will increase the timeliness of eligibility determinations.
Agency Contact and Telephone Number	Linda Parnell (850) 245-3343
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-039
CFDA Number	84.287
Program Title	21st Century Community Learning Centers
Compliance Requirement	Allowable Costs/Cost Principles and Procurement and Suspension and Debarment
State Agency	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	S287C030009B
Finding Type	Material Noncompliance and Reportable Condition
Finding	FDOE incorrectly classified a vendor as a subrecipient.
Criteria	OMB Circular A-133 Section __.200 and .210, Section 287.057, Florida Statutes.
Condition	<p>Our review of 15 agreements designated by FDOE as subawards disclosed one instance in which the FDOE incorrectly structured an agreement with an entity as a subrecipient rather than a vendor. The entity provided two training conferences for recipients of 21st Century Community Learning Centers Program and was paid a total of \$74,698.93.</p> <p>In addition, since the agreement was structured as a subrecipient agreement rather than as a vendor agreement, the State of Florida's procurement procedures were not followed which would have required the FDOE to obtain a competitive bid or proposal.</p>
Cause	FDOE used terminology that classified the entity as a subrecipient and not a vendor.
Effect	Under these circumstances, the FDOE has limited assurance that it has obtained the best price and terms and conditions available and that such price and terms and conditions are in compliance with State and Federal laws and applicable cost principles.
Recommendation	We recommend that the FDOE use the correct terminology and agreements to classify subrecipients and vendors. FDOE should also enhance policies and procedures as necessary to ensure that it obtains the best prices, terms and conditions available and that such prices, terms and conditions are in compliance with State and Federal laws and applicable cost principles.
State Agency Response and Corrective Action Plan	<p>FDOE does not agree that this agreement should have been structured as a vendor rather than a subrecipient agreement. As was stated to the auditors, FDOE used the following analysis in determining that the National Center for Community Education (NCCE) was a subrecipient in this instance.</p> <p>The Office of Management and Budget Circular A-133, § __.210 (Subrecipient and vendor determinations) provides guidance with respect to the process for making decisions about subrecipient vs. vendors. Paragraphs (b) and (c) list characteristics for each. Our analysis related to the specific award noted above is as follows:</p> <p>Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Determines who is eligible to receive what Federal financial assistance. Not applicable as the intended recipients in this case were other subrecipients in the 21st Century program. <input type="checkbox"/> Has its performance measured against whether the objectives of the Federal program are met. Applicable to the NCCE award.

Has responsibility for programmatic decision making. Applicable to the NCCE award.

Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

Provides the goods and services within normal business operation. Not applicable to the NCCE award.

Provides similar goods or services to many different purchasers. Not applicable to the NCCE award.

Operates in a competitive environment. Not applicable to the NCCE award.

Provides goods or services that are ancillary to the operation of the Federal program. Not applicable to the NCCE award.

Is not subject to compliance requirements of the Federal program. Not applicable to the NCCE award.

This analysis clearly establishes that the NCCE award was appropriately made as a subrecipient rather than a vendor relationship. The OMB Circular goes on to state in paragraph (d) that, "In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or a vendor."

Additionally, it should be noted that this subrecipient was subject to all of the terms and conditions of any project award, including those related to the Single Audit Act.

FDOE will consult with the appropriate office at USED regarding this matter.

Agency Contact and Telephone Number

Martha K. Asbury
(850) 245-0406

Estimated Corrective Action Date

June 30, 2006

Auditor's Remarks

We acknowledge that OMB Circular A-133 provides guidance with respect to this process. However, based on our review, FDOE records did not document the basis for the conclusions indicated in its response. Specifically, this is a non-profit organization whose business is to sell training services, which it has done for many years to a variety of entities throughout the United States. FDOE is just another entity that made the decision to purchase these training services as a customer of this organization.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-040
CFDA Number	Various
Program Title	Various (See Condition)
Compliance Requirement	Allowable Costs/Cost Principles and Reporting
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	FDOH procedures for identifying accounting codes associated with Federal programs should be improved.
Criteria	OMB Circular A-87, Attachment A, General Principles for Determining Allowable Costs - Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.
Condition	<p>FDOH uses the Other Cost Accumulator (OCA) field in the accounting system to record revenue and expenditures related to specific activities. To account for Federal grants, FDOH maintains a master grant checklist that identifies the Federal grant number and associated OCAs. Additionally, FDOH maintains an OCA Management System (OCAMAN) that provides a description of the activities and the funding source, including CFDA number, for each OCA. The proper use of OCAs is an essential internal control established by FDOH to ensure accountability for Federal awards.</p> <p>Our review of the master grant checklist and OCAMAN disclosed errors in the identification of OCAs for Federal grants. Specifically, we reviewed the master grant checklist for nine Federal programs and noted that the OCAs identified were incomplete for six of the nine programs. Additionally, we reviewed the CFDA number assigned to 105 OCAs within the OCAMAN and noted that a CFDA number was not identified or was incorrect for 27 of the OCAs.</p> <p>The items noted above pertain to the following Federal programs:</p> <ul style="list-style-type: none"> 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children 10.558 – Child and Adult Care Food Program 93.268 – Immunization Grants 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance 93.558 – Temporary Assistance for Needy Families 93.566 – Refugee and Entrant Assistance – State Administered Programs 93.576 – Refugee and Entrant Assistance – Discretionary Grants 93.667 – Social Services Block Grant 93.767 – State Children’s Insurance Program 93.778 – Medical Assistance Program 93.940 – HIV Prevention Activities – Health Department Based 96.001 – Social Security – Disability Insurance 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Cause	FDOH management had not assigned responsibility for the update of the master grants checklist to a specific individual. Additionally, FDOH personnel indicated that the individual responsible for the maintenance of OCA data in OCAMAN failed to do so.
Effect	FDOH has limited assurance that expenditures are applied to the appropriate funding source and that Federal reports are accurate and complete.

Recommendation	We recommend that FDOH review the data recorded in OCAMAN to ensure its accuracy and ensure that the master grants checklist and OCAMAN are properly maintained.
State Agency Response and Corrective Action Plan	<p>FDOH concurs with this finding. The Other Cost Accumulator (OCA) Management System (OCAMAN) is an independent non-financial system that is used by Department of Health staff to query on-demand titling and account information on all approved OCAs that have been titled in the State Financial System (FLAIR) and the DOH GRANTS System. Likewise, the Office of Revenue Management maintains a comprehensive listing ("Master Grant List") of all operating grants that the department currently administers at the central office. This file resides and is used by department staff as a quick reference tool for grant related information. It should be noted that while these two documents are developed by the Office of Revenue Management as resource tools, they do not impinge the integrity of the financial expenditure data for federal grants. The department will start maintaining and updating OCAMAN, maintaining and updating the Master Grant List quarterly, and consider a redesign of OCAMAN system.</p> <ol style="list-style-type: none"> 1) The department has started a process of reviewing/ revising all OCAs currently maintained in OCAMAN. 2) The "Master Grant List" will be maintained and updated on the website quarterly. 3) The department is considering a redesign of OCAMAN system to provide more query capabilities and provide more information, particularly for federal grant OCAs. This will include going through the IT Governance Committee.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4149
Estimated Corrective Action Date	12/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-041
CFDA Number	Various
Program Title	Various (See Condition)
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 within a reasonable period.
Criteria	OMB Circular A-133, §____.400(d)(1)
Condition	<p>FDCFS procedures require that a Post Award Notice of Federal Financial Participation (PAN) be provided to contracted subrecipients within 90 days of the contract's effective date. Updated PANs are to be provided for amendments to contracts involving Federal funding. The PANs are used to document FDCFS' notification of subrecipients with required Federal award information (i.e., Federal agency, CFDA title and number, and award name and number).</p> <p>Our tests of FDCFS records pertaining to 40 subrecipients of Federal awards disclosed:</p> <ul style="list-style-type: none"> • For four subrecipients, FDCFS did not include on the PANs all sources of Federal awards. • For five subrecipients, FDCFS did not always provide updated PANs when contracts were amended to include additional Federal awards. Additionally for two of the five subrecipients, FDCFS did not provide PANs for the original contract. <p>The above noted instances pertained to the following major programs:</p> <p>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</p> <p>Similar findings were noted in previous audit reports most recently in audit report No. 2005-158, finding No. FA 04-040.</p>
Cause	FDCFS personnel did not ensure PANs were prepared for all subrecipients and that all information was included for those prepared.
Effect	Absent timely notification by FDCFS of applicable Federal award information, subrecipients may not correctly identify Federal funds for financial reporting and accountability purposes.
Recommendation	We recommend that FDCFS ensure that subrecipients are timely notified of required Federal award information in accordance with FDCFS procedures.

State Agency Response and Corrective Action Plan	<p>The Department provides an automated application on the Provider Audit Unit web site to assist contract managers in the preparation of the Post Award Notice for contracts. The application instructions specify when a notice must be prepared and amended for the contract. The contract manager inputs the funding sources by Budget Entity, Other Cost Accumulator and Category information for the contract from the Form 1122. The application uses the Department's Chart 8 system to identify the CFDA numbers and Federal funding percentages. The application generates the notice and a transmittal letter. The grand total of the notice is then compared to the contract to ensure all funding sources have been included.</p> <p>Since contracts are funded and written at the District level, the Post Award Notices must be prepared in the Districts. Preparation of the Post Award Notice is a step included on District checklists when contracts are executed.</p> <p>We have been conducting a quality review of this activity during the past Fiscal Year and have noted a significant increase in our compliance rates.</p> <p>Central Office emphasized the importance of the Post Award Notice to the Districts during the February 28, 2006 Contract Administrators conference call.</p>
Agency Contact and Telephone Number	Walter Sachs (850) 921-8983
Estimated Corrective Action Date	February 28, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-042
CFDA Number	Various
Program Title	Various (See Condition)
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 perform adequate monitoring of subrecipients performance and did not provide timely results of monitoring activities to providers.
Criteria	OMB Circular A-133, §____.(d)(3)
Condition	<p>FDCFS procedures require at least one annual onsite visit to perform programmatic and administrative monitoring for subrecipients rated as high risk. Additionally, low risk providers are to receive an onsite monitoring visit once every three years and for the two years that onsite monitoring is not performed, an administrative documents review (desk review) is required. FDCFS monitoring personnel are to provide monitored subrecipients with a written report within 30 working days of the exit interview.</p> <p>Our tests of FDCFS records pertaining to 40 subrecipients of Federal awards disclosed:</p> <ul style="list-style-type: none"> • Three high risk subrecipients did not receive an annual onsite monitoring visit by FDCFS. • Four low risk subrecipients did not receive an annual administrative documents review by FDCFS. • For 16 subrecipients, the written reports were provided to the subrecipients 36 to 158 working days late. <p>The above noted instances pertained to the following major programs:</p> <p>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</p>
Cause	<p>During the 2004-05 fiscal year, FDCFS moved some District contract monitoring functions and staffing to FDCFS' Office of Inspector General. As a result of this reorganization and in anticipation of another reorganization in which FDCFS moved all subrecipient monitoring functions and staffing to the FDCFS' Office of Quality Management, some District subrecipient monitoring was suspended during the 2004-05 fiscal year.</p> <p>Additionally, although the FDCFS' Office of Inspector General began drafting revisions to the FDCFS' Monitoring Policy Manual, the updated manual was not completed due to the reorganization to the Office of Quality Management. As a result, monitoring staff used both the manual approved in 2003 and the draft updated manual.</p>

Effect	Absent adequate monitoring activities, FDCFS has limited assurance that the subrecipients have administered Federal programs in compliance with Federal requirements
Recommendation	We recommend that FDCFS strengthen efforts to ensure all subrecipients are monitored according to policies and procedures. Additionally, given the multiple organizational changes, we recommend that FDCFS update, as appropriate, its Monitoring Policy Manual and implement the policies and procedures as soon as possible.
State Agency Response and Corrective Action Plan	<p>The department's corrective actions include the following:</p> <p>Publishing the revised Contract Oversight/Monitoring Policy and Procedure.</p> <p>The report production process was redesigned in October 2005 to reduce and eliminate delays, and has already been incrementally improved once since then. Data are collected on an ongoing basis on 100% of the monitoring reports. The process will be reviewed and improved for next fiscal year.</p> <p>Developing contingency plans to ensure high risk providers are monitored on-site annually, medium risk providers are monitored on-site every two years, and low risk providers are monitored on-site every three years.</p> <p>A new process is in place for the current fiscal year's annual desk review that is required for providers who are not visited on-site during the fiscal year. The process is reviewed and revised annually to ensure desk reviews are useful, efficient, and conducted when required. An annual evaluation will be performed to produce an improved tool and process for the 2006/2007 fiscal year.</p>
Agency Contact and Telephone Number	Diane Dusenbury (850) 414-8224
Estimated Corrective Action Date	August 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-043
CFDA Number	93.150, 93.558, 93.658, 93.659, 93.667, 93.778, and 93.959
Program Title	Projects for Assistance in Transition from Homelessness (PATH), Temporary Assistance for Needy Families (TANF), Foster Care – Title IV-E, Adoption Assistance, Social Services Block Grant, Medical Assistance Program, 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	Reportable Condition
Finding	FDCFS had not fully resolved issues reported in the prior audit related to contracts with State universities and community colleges.
Criteria	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 a given cost, consideration shall be given to the restraints or requirements imposed by such factors as sound business practices; arms length bargaining; Federal, State and other laws and regulations; 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.
Condition	<p>In audit report No. 2005-158, finding No. FA 04-060, we noted that FDCFS had contracted with a State university and a community college to provide staff for FDCFS program training and technical assistance rather than using authorized positions or outsourcing services. In that report (finding Nos. FA 04-060 and FA 04-079), we also noted deficiencies regarding contract pricing, indirect costs, time and effort records for contracted employees, and procurement methods.</p> <p>As described below, our current review disclosed that FDCFS had not fully resolved the issues reported in the prior audit:</p> <ul style="list-style-type: none"> • In the Summary Schedule of Prior Audit Findings, FDCFS indicated that the contract with a State university had been modified. Although FDCFS drafted a contract amendment to address the issues described above, the amendment had not been implemented as of February 9, 2006. • We reviewed four contracts that began on or after July 1, 2005, with State universities and a community college. The contract amounts totaled \$4.9 million. The contract amounts included indirect costs equal to five percent of contract costs. FDCFS did not retain documentation to demonstrate analysis and determination that the indirect cost allowed were reasonable. According to FDCFS personnel, contract managers are instructed to analyze cost allocation plans during contact negotiations when indirect costs are in excess of ten percent. However, contract managers are not required to analyze indirect costs when contracting with State universities and allowable indirect costs are limited to five percent. The rationale for this policy is that most State universities have Federal approved indirect cost rates substantially exceeding five percent. • Additionally, for one of the four contracts reviewed (contract amount of \$243,743), contracted staff was located at FDCFS headquarters, with FDCFS providing office space, furniture, computers, equipment, office supplies, and

travel reimbursement. Given that FDCFS is incurring these expenses, and in the absence of documentation to the contrary, the reasonableness of the amount of indirect cost allowed is not apparent.

Cause	<p>Implementation of the contract amendment was delayed during negotiation with the contract provider and review by FDCFS' legal office.</p> <p>Prior to December 16, 2005, Section 216.346, Florida Statutes, restricted 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. FDCFS used the statutory limit of five percent as the indirect cost rate for the contracts.</p>
Effect	FDCFS did not demonstrate the reasonableness of the indirect costs established in the contracts.
Recommendation	We recommend FDCFS document the reasonableness of indirect cost amounts allowed in contracts. When contracting with State universities that have Federal approved indirect cost plans, we recommend that FDCFS document how a negotiated rate was derived and determined reasonable. Additionally, we recommend that FDCFS complete implementation of the contract amendment.
State Agency Response and Corrective Action Plan	<p>Comptroller's Memorandum #1 (FY 05-06) issued on February 13, 2006 requires a cost reimbursement method of payment for any contract with state agencies, public universities, or community colleges. To implement this requirement, the department alerted the Zone Contract Administrators on a conference call held on February 14 and will be developing a procedures statement to support the revised mandate. In the development of a cost reimbursement budget and supporting narratives, contract managers will be required to document their review of any amount designated for indirect costs as to allowable, reasonable, and necessary tests.</p> <p>If the CFO modifies the mandate and the department uses fixed price contracts with state agencies, public universities, or community colleges, our procedures require procurement managers to document the decision-making process in the procurement file. This documentation will include detailed information regarding the project budget, funding sources, and a supporting budget narrative to be submitted by the provider. The procurement manager will examine and evaluate the documentation to determine if the provider's cost elements are allowable, reasonable, and necessary to deliver the commodities or perform the anticipated services under the contract based on local or regional market costs. The procurement manager must also determine if the funding source for the contract will support the intended use of funds.</p> <p>The contract amendment in question has been sent to the vendor for signature.</p>
Agency Contact and Telephone Number	Walter Sachs (850) 921-8983
Estimated Corrective Action Date	April 1, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-044
CFDA Number	93.283, 93.919, and 97.036
Program Title	Centers for Disease Control and Prevention – Investigations and Technical Assistance (CDC-ITA) Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Numbers and Grant Year	U90 CCU417006 – Public Health Preparedness and Response for Bioterrorism U55 CCU421918 – National Cancer Prevention and Control 05-PA-C%-00-00-13-513 – Hurricane Charley 05-PA-G%-13-00-13-598 – Hurricane Frances 05-PA-E=-13-00-13-672 – Hurricane Jeanne
Finding Type	Reportable Condition Questioned Costs – \$2,717 (\$154 CFDA No. 93.283, \$176 CFDA No. 93.919, \$2,387 CFDA No. 97.036)
Finding	Salaries and benefits charged to the programs exceeded the actual time worked on the programs.
Criteria	OMB Circular A-87, Attachment B, Section 8.h.(3), <i>Support of Salaries and Wages</i> - Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation.
Condition	FDOH employees maintained timesheets reflecting actual hours worked on activities relative to the hurricanes which struck Florida in 2004. Initially, FDOH charged the employees' salaries and benefits to the Federal or State program in which the employee usually worked. Subsequent to the initial charges, FDOH personnel compiled the timesheets and calculated the amount of salaries and benefits that should be allocated to the Disaster Grants. The calculated amount was then moved from the original Federal or State program to the Disaster Grants. We tested 265 of FDOH's salary calculations totaling \$72,165.42 for 37 employees. For 22 of the allocations tested related to 12 employees, the amount of salaries and benefits moved was calculated incorrectly. Specifically: <ul style="list-style-type: none"> • For 1 allocation, errors in the salaries and benefits calculations resulted in an overcharge to the Cancer Program totaling \$176. • For 7 allocations, errors in the salaries and benefits calculations resulted in an overcharge to the CDC-ITA Program totaling \$154. • For 14 allocations, errors in the salaries and benefits calculations resulted in an overcharge to the Disaster Grant totaling \$2,387. <p>FDOH personnel indicated the errors were the result of hours being posted incorrectly from timesheets, time incorrectly recorded on the timesheets, or unallowable time, such as holidays, was included in the calculations.</p>
Cause	FDOH procedures were not sufficient to ensure that salaries and benefits were allocated and calculated appropriately based on the actual time worked.
Effect	The Programs were charged costs in excess of the actual benefits received.
Recommendation	We recommend that the FDOH improve its procedures to ensure that salary costs are appropriately based on documentation of actual time worked.

State Agency Response and Corrective Action Plan	<p>FDOH concurs with the Finding, Condition and Recommendation in regards to the sample of salary calculations and allocations borne from FDOH response and relief efforts of the 2004 hurricanes. FDOH identified opportunities to improve processes and procedures after the 2004 hurricane season. Whereas, in July 2005 FDOH implemented the process of having staff that provided response and relief efforts during the 2005 hurricanes track their hurricane time, hurricane activities and non-hurricane time on a separate hardcopy FDOH Disaster Timesheet. These timesheets are then used to validate hurricane hours and support the allocation of salaries and benefits. FDOH is seeking to improve this process by creating an automated Disaster Timekeeping and FEMA reporting system that is targeted to be in production in July 2006. With the process and procedural improvements implemented in 2005 and those targeted for July 2006, the mistakes of 2004 will be corrected.</p>
	<p>1) Make appropriate adjustments to those salary allocations identified in the audit finding condition.</p>
	<p>2) Proceed with the development and implementation of FDOH's Disaster Timekeeping and FEMA reporting system and processes.</p>
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4919
Estimated Corrective Action Date	03/31/06, 09/01/06
Auditor's Remarks	<p>The FDOH IT Governance <i>Need Statement</i> acknowledged that PeopleFirst could not easily address the demands of disaster related timekeeping which necessitated a manual process. As indicated above, FDOH intends to automate the manual process used in the audit period. In developing and implementing an automated disaster timekeeping and FEMA reporting system, FDOH should ensure that its needs and measures are communicated to the owners of the State's payroll system (PeopleFirst).</p>

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-045
CFDA Number	93.575, 93.596 and 93.558
Program Title	Child Care Cluster (CC) Temporary Assistance for Needy Families (TANF)
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 timely issue one monitoring report. Additionally, FAWI did not provide documentation in five instances evidencing that the Early Learning Coalitions (Coalitions) had been notified that all findings had been satisfactorily resolved.
Criteria	OMB Circular A-133. §__.400(d), <i>Pass-through entity responsibilities</i>
Condition	<p>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 2004-05 fiscal year, FAWI staff performed fiscal and quality assurance (QA) on-site reviews at the Coalitions. At the conclusion of the on-site reviews, FAWI issued monitoring reports. If the monitoring reports included any findings, the Coalitions were required to timely provide responses to resolve the findings. FAWI was then to respond (by issuing acceptance or acknowledgement letters) to the Coalitions either accepting or rejecting the actions outlined in the Coalitions' responses.</p> <p>Our review of 16 of the 61 monitoring reports issued or drafted by FAWI as of May 31, 2005, disclosed that:</p> <ul style="list-style-type: none"> • In one instance, FAWI did not timely issue the fiscal monitoring report. FAWI's monitoring report disclosed questioned costs totaling \$652,167.10 and was not issued until August 17, 2005, or 166 days after the monitoring visit. • In three instances involving fiscal monitoring reports, FAWI had not issued acceptance or acknowledgement letters stating whether or not the Coalitions' responses were acceptable. The Coalitions' responses were dated between April 6, 2005, and May 18, 2005. • In two instances involving QA monitoring reports, FAWI did not require the Coalitions to provide a response and, therefore, did not issue acceptance or acknowledgement letters. In both instances, the QA monitoring reports addressed deficiencies relating to client eligibility documentation. The QA monitoring reports were dated May 26, 2005, and May 27, 2005. <p>Similar findings were noted in prior audits, most recently in audit report No. 2005-158, finding No. FA 04-058.</p>
Cause	FAWI's efforts were focused on a plan to outsource the financial monitoring and compliance activities (fiscal monitoring) and apparently caused a failure to timely issue reports and follow-up on Coalition responses in some instances. FAWI had restructured the QA monitoring function and, under the new structure, the QA reports were handled as technical assistance documents and, therefore, did not require a formal Coalition response.

Effect	Delays in issuing monitoring reports and timely follow-up to Coalition responses, with the issuance of acceptance or acknowledgement letters, increases the risk of continued noncompliance by the Coalitions with program requirements.
Recommendation	We recommend that FAWI enhance monitoring and tracking procedures to ensure that monitoring reports are issued in a timely manner. We also recommend that FAWI timely acknowledge the resolution of the findings and maintain adequate documentation to support the resolution of questioned costs.
State Agency Response and Corrective Action Plan	Uniform tracking and oversight procedures have been developed and implemented to enhance the timely notice of receipt, review and approval of financial monitoring reports and corrective action plans from the Coalitions. In addition, policies have been established to provide timely notice of the resolution of findings and to maintain adequate documentation of the investigation and resolution of identified questioned costs.
Agency Contact and Telephone Number	Stephanie Gehres (850) 921-3177
Estimated Corrective Action Date	Complete

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-046
CFDA Number	93.575 and 93.596
Program Title	Child Care Cluster (CC)
Compliance Requirement	Matching, Level of Effort, Earmarking and Period of Availability of Federal Funds and Reporting
State Agency	Florida Agency for Workforce Innovation (FAWI)
Federal Grant/Contract Number and Grant Year	G0401FLCCDF 2004 and G0501FLCCDF 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$1,295,767.79 State MOE/Matching Funds
Finding	FAWI procedures were not adequate to ensure that expenditures were charged to the appropriate Federal grant award.
Criteria	45 CFR 92.20, Standards for financial management systems; 45 CFR 98.53, Matching fund requirements; 45 CFR 98.67, Fiscal requirements
Condition	<p>Funding for the CC Program is awarded by Federal fiscal year (FFY) and begins each October with specific grant information provided through the issuance of a Notice of Grant Award (Notice). The Notice includes grant information, such as the amount of the grant and the Federal grant document number. The Federal grant document number is used when requesting Federal funds and when preparing and filing Federal reports associated with the grant. Since each grant is provided by FFY, there is a specific funding period for expenditures related to each grant. The lead agency, FAWI, administers early learning functions through grant awards for services with 30 local Early Learning Coalitions (Coalitions). To assist the Coalitions with start-up costs each State fiscal year, FAWI established a policy allowing Coalitions to obtain an advance at the beginning of the State fiscal year equal to one-twelfth of its annual budget allocation. Therefore, Federal grant money is used to fund the Coalitions' operations at the beginning of the State fiscal year.</p> <p>Our review disclosed the following instances in which FAWI did not charge expenditures to the applicable grant funding period:</p> <ul style="list-style-type: none"> • Expenditure transactions, totaling \$1,295,767.79 and occurring during the months of July through September 2004, were used by FAWI to satisfy the Federal matching and maintenance of effort requirements for the 2005 FFY grant, which began on October 1, 2004. Each transaction had a State's accounting records (FLAIR) machine date prior to October 1, 2004. • FAWI redistributed Coalition expenditures totaling \$1,988,076.44 from the 2004 FFY grant to the 2005 FFY grant. The redistribution occurred after State fiscal year-end (June 30, 2005) and had a transaction date of July 15, 2005. The invoices for these expenditures were dated during August and September 2004. When asked what procedures were in place to ensure that program activity is matched to appropriate Federal awards (funding periods), AWI staff stated, "Matching expenditures to federal funding periods is based on original date of disbursement of a valid invoice. When making adjustments the original disbursement date is reviewed to insure the expenditure is valid for the grant period." A further review of documentation associated with the \$1,988,076.44 redistribution disclosed inconsistencies in FAWI-described procedures in that \$97,081.42 had not been redistributed. Also, our review of similar transactions recorded to the 2004 FFY grant (disbursement dates, same other cost accumulator (OCA) and invoice periods) disclosed that an

	additional \$1,178,706.17 in expenditures were not redistributed to the 2005 FFY grant.
Cause	FAWI indicated that expenditures are matched to Federal funding periods based on the original disbursement date. FAWI further stated that "some of the expenditures with an original disbursement date prior to 10/1/2004, were adjusted in error in the amount of \$1,295,767.79. These adjustments will be reversed in November, 2005." Also, in response to audit inquiry regarding the expenditure redistribution, FAWI stated that the "redistribution is valid since the original disbursement date for all the adjustments are after October 1, 2004." However, as disclosed above, FAWI did not consistently apply this methodology.
Effect	Errors and inconsistencies in recording expenditures to the appropriate grants impacts the FAWI's compliance with requirements related to Federal matching and maintenance of effort and period of availability of Federal funds and Federal reporting.
Recommendation	We recommend that FAWI enhance its procedures for matching expenditures to Federal funding periods and that such procedures address redistributions between FFY grants occurring after year-end. Additionally, the procedures should require that the selected accounting basis be used consistently throughout the grant award. The enhanced procedures should be provided in writing to all appropriate staff and be consistently applied.
State Agency Response and Corrective Action Plan	FAWI concurs with the finding that an error was made in the amount of \$1,295,767.79. That error has been corrected. FAWI will further enhance its procedures and policies to address obligations, period of availability and consistency. FAWI has already discussed the period of availability and grant obligations with its Federal Grant Officer who is in concurrence with its draft accounting policy. Finally, FAWI will also codify its current procedures for School Readiness re-distributions and adjustments.
Agency Contact and Telephone Number	Wayne Summerlin, Controller (850) 245-7348
Estimated Corrective Action Date	Policy Development - May 2006 Procedure Development - July 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-047
CFDA Number	93.575 and 93.596
Program Title	Child Care Cluster (CC)
Compliance Requirement	Reporting
State Agency	Florida Agency for Workforce Innovation (FAWI)
Federal Grant/Contract Number and Grant Year	G0102FLCCD2 2001, G0201FLCCDF 2002, G0301FLCCDF 2003, and G0401FLCCDF 2004
Finding Type	Reportable Condition
Finding	The Federal Cash Transactions Report (PSC 272) for the quarter ended June 30, 2005, did not agree with the State's accounting records (FLAIR).
Criteria	45 CFR 92.41, Financial reporting
Condition	<p>Funding for the CC Program is awarded by Federal fiscal year (FFY) and begins each October with specific grant information provided through the issuance of a Notice of Grant Award (Notice). The Notice includes grant information, such as the amount of the grant and the Federal grant document number. The Federal grant document number is used when requesting Federal funds and when preparing and filing Federal reports associated with the grant.</p> <p>Testing of the June 30, 2005, PSC 272 disclosed draws of Federal grant funds, totaling \$15,122,474.50, that did not agree with the FLAIR. The PSC 272 reported draws for the 2003 and 2004 FFY grants, while the FLAIR records used to support the PSC 272 reported draws for the 2001 and 2002 FFY grants, totaling \$15,045,712.98 and \$76,761.52, respectively.</p>
Cause	In response to audit inquiry, FAWI stated that "a life-to-date (LTD) reconciliation of expenditures and revenue was completed in State Fiscal Year (SFY) 2005. Part of that process identified that the LTD draws in FLAIR did not agree with the LTD advances in PMS [Payment Management System] by FFY. PMS and FLAIR did agree in gross across all FFY." FAWI also stated that "the expenditures which supported AWI's draw down of funds from PMS occurred in prior state fiscal years and had already been reported as expenditures on both federal reports and PMS in prior periods."
Effect	The delay in performing a timely reconciliation of program costs to program revenues (State and Federal) on a fiscal year basis adversely impacted FAWI's ability to match expenditures with funding needs. Additionally, by not drawing Federal funds in a timely manner, FAWI could improperly use other funding sources to cover program costs.
Recommendation	We recommend that FAWI enhance its procedures to timely perform monthly reconciliations between program expenditures and program revenues from all sources.
State Agency Response and Corrective Action Plan	FAWI will codify its current procedures for reviewing grant revenue and expenditures by developing formal, written procedures for reconciling revenues to expenditures on a monthly or quarterly basis, as appropriate, for all programs.
Agency Contact and Telephone Number	Wayne Summerlin, Controller (850) 245-7348
Estimated Corrective Action Date	Develop Formal Procedures - June 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-048
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	0401FL1401, 0501FL1401, 0401FL1407, and 0501FL1407
Finding Type	Reportable Condition
Finding	FDCFS did not adequately review supporting documentation for invoices submitted by the Community-Based Care agencies (CBCs) prior to approving payment.
Criteria	<p>OMB Circular A-133, Subpart D</p> <p>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.</p>
Condition	<p>During the 2004-05 fiscal year, FDCFS contract payments to CBCs represented approximately 61 percent and 67 percent of total expenditures for the Foster Care and Adoption Assistance Programs, respectively. FDCFS 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. Each contract manager determines what additional supporting documentation, if any, must also be submitted.</p> <p>Our tests of 20 CBC invoices submitted by 19 CBCs during the 2004-05 fiscal year disclosed that for 12 of those invoices there was little or no evidence that FDCFS personnel adequately reviewed supporting documentation associated with the invoiced amounts approved for payment.</p> <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-062.</p>
Cause	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 <i>CBC Invoicing: A Best Practice Guide</i> , 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 Circular 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 contract funding 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	<p>We concur with the recommendation. Although the "CBC Invoicing: A Best Practice Guide" was distributed in July of 2004, and we have had several opportunities to emphasize its value, we have continued to see evidence that some of the department's contract managers are not testing expenditures at a level that would ensure accountability and that there is a lack of documentation of the processes used to conduct the testing.</p> <p>The department's Revenue Management Office has developed and distributed a tool that will help contract managers determine if the funding source limitations in a CBC contract are within limits. In concert with this development, the department is also introducing a budget flexibility option that will help CBC Lead Agencies operationalize their funding sources better. Both of these modifications have an operational impact on the CBC invoicing process and will be included in the re-write of the invoicing procedures.</p> <p>We reviewed several supporting documentation processes at our December 2005 meeting with CBC contract managers and will have it on the agenda again for our March 2006 meeting. While procedures and training are important, we will additionally implement a quarterly supervisory review and certification process for the 3rd and 4th quarters of this fiscal year and the 1st quarter of next fiscal year that ensure the invoice review process is documented and in compliance with the invoicing procedures.</p>
Agency Contact and Telephone Number	Walter Sachs (850) 921-8983
Estimated Corrective Action Date	October 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-049
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	05-0405FL5028 2003-04 and 05-0505FL5028 2004-05
Finding Type	Reportable Condition Questioned Costs – \$63,285.75 (Federal share \$37,275.42) [Assisted Living for the Elderly (ALE) Waiver \$48,425.46 (Federal share \$28,522.60); Dental Services \$9,965.01 (Federal share \$5,869.39); Therapy Services \$1,448.03 (Federal share \$853); Pharmaceutical Services \$3,447.25 (Federal share \$2,030.43)]
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 payments exceeded allowable levels for therapy services, dental services, pharmaceutical services, and ALE waiver services. Payments during the 2004-05 fiscal year in excess of the allowable levels totaled \$63,285.75. 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 payments for ALE waiver services, therapy services, and dental services in audit report No. 2005-158, finding No. FA 04-071.
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	We recommend that FAHCA implement appropriate edit checks for the claims processing system. Additionally, we recommend that FAHCA pursue recovery of any overpayments.
State Agency Response and Corrective Action Plan	ALE waiver: Appropriate edit checks were implemented in the Florida Medicaid Management Information System in April 2005 to prevent billing for more than 31 units (days) per calendar month. Recoupment of previous overpaid ALE funds is underway through the Department of Elder Affairs. The Department expects the recoupment to be completed by the end of March 2006. Dental: A customer services request (CSR) was prepared on February 10, 2006 to correct the reimbursement discrepancy and deny payment of erroneous claims submitted. Overpayments will be recouped by withholding amounts from future payments to the providers in question. Therapy: A CSR was implemented on September 18, 2005 to deny claims for Provider Type 83 (therapists) for therapy services provided to recipients over the age of 21. This applies to Medicare Crossover Claims, Part B. Overpayments will be recouped by withholding amounts from future payments to the providers in question.

	Pharmaceutical: The system coding which allowed the overpayment of those particular drugs has been corrected. FAHCA no longer allows claims for those drugs to adjudicate without prior authorization. Overpayments will be recouped by withholding amounts from future payments to the providers in question.
Agency Contact and Telephone Number	Dyke Snipes (850) 488-3560
Estimated Corrective Action Date	ALE Waiver: Edits - complete. Recoupment - March 31, 2006. Dental: Edits and recoupment - August 31, 2006. Therapy: Edits - complete. Recoupment - August 31, 2006. Pharmaceutical: Edits - complete. Recoupment - August 31, 2006.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-050
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	05-0505FL5048 2004-05
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$10,695.02 (\$5,347.51 Federal share)
Finding	FAHCA procedures for documenting the efforts of Other Personal Services (OPS) employees assigned to the Medicaid Program did not 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.(3), <i>Support of Salaries and Wages</i>
Condition	We tested five salary related expenditures. All of the salary payments were for employees that indicated they worked 100 percent of their time on the Medicaid Program, therefore, payroll certifications should have been prepared for these five employees. We noted that a periodic payroll certification was not available for one OPS employee. Salaries paid to this employee during the certification period in question totaled \$10,695.02. During the 2004-05 fiscal year, FAHCA paid a total of \$1,819,835 (Federal share \$909,918) to OPS employees from Medicaid accounts.
Cause	FAHCA personnel indicated that payroll certifications were not obtained for OPS positions.
Effect	Absent the required periodic certifications, 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 all employees working solely on the Medicaid Program.
State Agency Response and Corrective Action Plan	While we concur that a certification was not prepared for this employee, we do not concur that the salary costs of \$10,695.02 are not fully substantiated nor should they be identified as “questioned costs”. We believe these costs to be appropriately charged to the Medicaid program since the employee worked 100% of their time on the Medicaid program. FACHA will modify the semiannual position certification process to include OPS employees effective with the next dissemination of certifications, which will be in April 2006.
Agency Contact and Telephone Number	Janet Parramore (850) 921-9141
Estimated Corrective Action Date	April 30, 2006
Auditor’s Remarks	Pursuant to OMB Circular A-133, Section ____.105, <i>questioned cost</i> includes a cost that is questioned by the auditor because the costs, at the time of the audit, are not supported by adequate documentation. A payroll certification is required documentation to support payroll costs of employees that work entirely on one Federal program or cost objective.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-051
CFDA Number	93.778, 93.777, and 93.775
Program Title	Medicaid Cluster
Compliance Requirement	Eligibility
State Agency	Florida Department of Children and Family Services (FDCFS)
Federal Grant/Contract Number and Grant Year	05-0405FL5028 2003-04 and 05-0505FL5028 2004-05
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$13,616.74 (Federal share \$8,021.62)
Finding	In some instances, FDCFS was unable to provide sufficient documentation of Medicaid eligibility.
Criteria	42 CFR 435.913 – Case Documentation
Condition	We reviewed 20 case files of individuals receiving Medicaid to determine whether clients met the eligibility criteria of the Program. Our review disclosed two cases in which benefits were received on behalf of individuals for which FDCFS could not provide the required documentation for the claim audited. One additional case file could not be provided by FDCFS. Claims paid during the 2004-05 fiscal year on behalf of the three individuals totaled \$13,616.74.
Cause	FDCFS has undertaken a modernization project to scan case file documentation into electronic documents. FDCFS stated that the files requested were among those waiting to be scanned and the Department was unable to provide the documentation.
Effect	FDCFS was unable to fully document the clients' Medicaid eligibility for the cases reviewed.
Recommendation	We recommend that FDCFS develop procedures to identify files that are not accessible.
State Agency Response and Corrective Action Plan	The department currently has procedures for retrieving case records that have been "prepped" for scanning. The procedures provide a process in which a "prepped" case record can be retrieved within 24 hours (one working day). Guidance on this subject will be routinely provided to the districts during the Economic Self-Sufficiency weekly statewide conference calls held in preparation of rolling the scanning project out statewide.
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 05-052
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	05-0405FL5028 2003-04 and 05-0505FL5028 2004-05
Finding Type	Reportable Condition
Finding	FAHCA did not timely resolve drug rebate disputes.
Criteria	Drug Rebate Agreements between the U. S. 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.
Condition	According to FAHCA records, the drug rebate amount due from labelers totaled approximately \$229.9 million as of June 30, 2005. Of this amount, approximately \$44.7 million consisted of rebates invoiced as of, or prior to, the June 2004 quarter. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-074.
Cause	FAHCA staff indicated that there was only one staff assigned to work on dispute resolutions.
Effect	Delays in resolving disputes result in similar delays in collecting rebates.
Recommendation	FAHCA has contracted for services to help resolve the outstanding disputes more timely. We recommend that FAHCA continue efforts to resolve drug rebate disputes in a timely manner.
State Agency Response and Corrective Action Plan	The drug rebate contract was awarded to Unisys on April 27, 2005. Payment records at the year, quarter and program type level have been converted into the Unisys system. The Unisys system became operational on October 1, 2005 and payments have been posted at the National Drug Code (NDC) level since that time. Unisys and FAHCA jointly invoiced for the third quarter of 2005 within the CMS timeline. In addition, Unisys has invoiced for the fourth quarter of 2005 as scheduled. Unisys/FAHCA has also started terminating expired NDCs through our fiscal agent, Affiliated Computer Services, Inc. (ACS), to keep NDCs from being disputed due to pharmacy errors. FAHCA gives a monthly list of expired NDCs to ACS and they in turn make them non-payable which forces the pharmacies to bill correctly. Unisys/FAHCA is dedicated to the timely and accurate recovery of all drug rebates.
Agency Contact and Telephone Number	Sybil Richard (850) 488-3560
Estimated Corrective Action Date	Completed.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-053
CFDA Number	93.778, 93.777, and 93.775
Program Title	Medicaid Cluster
Compliance Requirement	Special Test and Provisions – Inpatient Hospital and Long-Term Care Facility Audits
State Agency	Florida Agency for Health Care Administration (FAHCA)
Federal Grant/Contract Number and Grant Year	05-0405FL5028 2003-04 and 05-0505FL5028 2004-05
Finding Type	Reportable Condition
Finding	FAHCA did not review and release audits of Intermediate Care Facilities for the Developmentally Disabled (ICF-DD) cost reports on a timely basis.
Criteria	42 CFR 447.253(g) - Audit Requirements for Inpatient Hospitals and Long-Term Care Facility Services
Condition	<p>Payments for inpatient hospital services and long-term care facility services are based on approved cost-based rates. To ensure the accuracy of those rates, periodic audits of the supporting financial and statistical records of participating providers are required. FAHCA has implemented a plan to have independent certified public accountants (CPAs) perform the audits of the ICF-DD cost reports. FAHCA policy is to review the cost report audits prior to release of the audit reports.</p> <p>There were 108 participating ICF-DD during the 2004-05 fiscal year. FAHCA planned for 33 and 29 audits to be performed during the 2003-04 and 2004-05 fiscal years, respectively. However, as of January 27, 2006, FAHCA had reviewed only three of the audits and none of the audits had been released. In addition, of the 29 audits planned to be performed during the 2004-05 fiscal year, CPAs issued disclaimers for 10 audits.</p>
Cause	FAHCA staff indicated that reviews were delayed due to staff limitations.
Effect	Failure to review the audit reports in a timely manner delays any FAHCA efforts to resolve matters regarding allowable costs and supporting documentation and to identify and apply rate adjustments.
Recommendation	We recommend that FAHCA devote the necessary efforts to ensure the timely review and release of ICF-DD audit reports.
State Agency Response and Corrective Action Plan	FAHCA has already redirected resources from nursing home audits to work on the disclaimed audits. If Agency staff are unable to complete the audits, Agency management will address the issue. In addition, other audit resources have been redirected from nursing home audits to review ICF-DD audits for issuance prior to June 30, 2006.
Agency Contact and Telephone Number	Dyke Snipes (850) 488-3560
Estimated Corrective Action Date	June 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-054
CFDA Number	93.917 and 93.940
Program Title	HIV Care Formula Grants (HIV Grants) HIV Prevention Activities – Health Department Based
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Numbers and Grant Year	6 X07HA00057-14 2005 and 2 X07HA00057-15 2006 U62/CCU423466-01 2004 and U62/CCU423466-02 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – CFDA No. 93.917 - \$111,298.75 (\$87,577.95 Federal; \$23,720.80 State) and CFDA No. 93.940 - \$33,674.78
Finding	In some instances, salary costs charged to HIV Grants were not supported by records of time worked.
Criteria	OMB Circular A-87, Attachment B, Section 8.h., <i>Support of Salaries and Wages</i> - Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation.
Condition	<p>We tested 50 HIV Grants and State matching expenditures, 27 of which were salary payments. As described below, our test disclosed discrepancies in salary charges for eight employees during the 2004-05 fiscal year.</p> <ul style="list-style-type: none"> • For five employees, FDOH charged a higher percentage of the employees' salaries and benefits to HIV Grants than time records supported. These instances resulted in overcharges to HIV Grants totaling \$44,789.78 and excess claims from State matching funds totaling \$23,720.80. • For three employees, a percentage of the employees' salaries and benefits were charged to HIV Grants although time records for the employees were not maintained or were not complete. Salaries and benefits charged to HIV Grants for these three employees totaled \$42,788.17. For one of these employees, salaries and benefits totaling \$33,674.78 were also charged to the HIV Prevention Activities Program. <p>Similar instances were noted in prior audits, most recently audit report No. 2005-158, finding No. FA 04-076.</p>
Cause	FDOH procedures were not sufficient to ensure that salaries and benefits were allocated and calculated appropriately based on the actual time worked as documented by appropriate time records and that time records were maintained for all employees whose salaries and benefits are partially charged to HIV Grants.
Effect	HIV Grants was charged costs in excess of the actual benefits received based on available time records.
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	<p>The Bureau of HIV/AIDS will review and improve its methodology for ensuring that salary costs charged to the HIV grants are supported by accurate records of time worked.</p> <p>1) The Bureau of HIV/AIDS will remind counties in the detailed Schedule C package that counties must maintain documentation supporting all salary costs charged to the grant. The bureau will strongly recommend that counties code their employees partially funded by Ryan White ADAP to Random Moment</p>

Sampling (RMS). Having an employee coded to RMS ensures the correctness of salary expenditures without the necessity of daily record keeping.

2) The Bureau of HIV/AIDS budget staff will pull quarterly reports from the Financial Information System to show where counties are charging salary costs. Bureau staff will work with the county budget offices to make any necessary corrections.

3) As part of the Bureau of HIV/AIDS Quality Improvement (QI) process, the bureau will review county documentation supporting salary costs charged to the grant. Prior to visiting a county health department, bureau QI staff will obtain Employee Activity Reports on employees partially funded through HIV grants. Staff will ensure that these reports accurately reflect the time staff worked on grant-related activities.

**Agency Contact and
Telephone Number**

Tom Liberti
(850) 245-4477

**Estimated Corrective
Action Date**

03/01/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-055
CFDA Number	96.001 and 96.006
Program Title	Disability Insurance/Supplemental Security Income Cluster
Compliance Requirement	Equipment and Real Property Management
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	04-0504FLD100
Finding Type	Reportable Condition Questioned Costs – \$152,084
Finding	FDOH did not retain documentation for the disposal of property items totaling \$152,084.
Criteria	45 CFR 92.32 – A State will dispose of equipment acquired under a grant in accordance with State laws and procedures. Section 273.055(2), Florida Statutes – Property custodians shall maintain records to identify each property item as to disposition.
Condition	FDOH did not retain disposition documentation for two of ten items tested. These items had acquisition costs totaling \$152,084.
Cause	Department personnel indicated that, due to technical difficulties, the normal disposition process through the Asset Management System was not followed.
Effect	FDOH was unable to demonstrate the property items had been disposed of properly.
Recommendation	We recommend that FDOH follow their established Asset Management Policy and Procedures to ensure that documentation supporting property dispositions is properly retained.
State Agency Response and Corrective Action Plan	FDOH concurs with the finding. The Property section has already implemented changes to improve the disposition of assets. FDOH has designated a full time position for property dispositions which will allow the property section to better ensure compliance with all Federal, State, and Department of Health policies and procedures for disposal of property. Additionally, in the event the Asset Management System experiences technical difficulties, property staff will keep an accurate account of the items submitted for disposition through the Certification of Surplus Property and Memorandum of Disposition form. Property staff will ensure the Asset Management System is updated to reflect any dispositions that occurred during this time frame.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4919
Estimated Corrective Action Date	CAP currently implemented

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-056
CFDA Number	93.268
Program Title	Immunization Grants
Compliance Requirement	Period of Availability of Federal Funds
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	H23/CCH422511 (January 1, 2004 – December 31, 2004)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$41,835
Finding	Salary costs totaling \$41,835 were charged to the 2004 grant after the end of the funding period.
Criteria	Title 45, Section 92.23, Code of Federal Regulations, provides that when a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period. The Immunization Grant's Notice of Grant Award, specifies a funding period of January 1, 2004 through December 31, 2004.
Condition	Salaries and benefits totaling \$46,483 for the payroll period December 31, 2004, through January 13, 2005, were charged to the 2004 grant. Of the ten working days included in the payroll period, nine occurred within the 2005 grant period. Therefore, 90 percent (\$41,835) of the total should have been charged to the 2005 grant.
Cause	FDOH procedures were not adequate to ensure that charges were not applied to a grant after the end of its funding period.
Effect	FDOH overcharged the 2004 Immunization Grant \$41,835 for costs incurred after the end of the funding period.
Recommendation	We recommend that FDOH review its methodology for ensuring that costs are charged appropriately in accordance with the terms and conditions of the Immunization Grant Award.
State Agency Response and Corrective Action Plan	FDOH concurs with this finding. The Office of Revenue Management is reviewing the procedures and will identify any areas of improvement or address new practices for federal grants reporting requirements. Meanwhile, staff are researching the entries and will record the appropriate adjusting entries to the grant analyses for follow up entries in FLAIR. The Financial Status Reports (FSR) will reflect the adjustment to the 2004 and 2005 grants. Grant analyses will be revised to reflect the adjusted charges. The FSRs for the 2004 and 2005 grants will be submitted to the grantor reflecting these adjustments. Moreover, an Accounting Procedures Manual (APM) will be developed to include a department policy on federal reporting requirements and policies on how the department handles federal grant reporting to ensure consistency.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4149
Estimated Corrective Action Date	07/01/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-057
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 Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	U90/CCU417006 2004 and 2005, U50/CCU423781 2005 and 2006, U58/CCU42279002 2004 and 2005
Finding Type	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs – \$422,318.81
Finding	Records of time worked were not maintained to support salary costs charged to the CDC-ITA Program.
Criteria	OMB Circular A-87, Attachment B, Section 8.h., <i>Support of Salaries and Wages</i> – Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation.
Condition	<p>We tested 40 CDC-ITA Program expenditures, 16 of which were salary payments. As similarly noted in audit report No. 2005-158, finding No. FA 04-044, our test disclosed the following for 9 employees:</p> <ul style="list-style-type: none"> • For one employee, FDOH charged salaries and benefits totaling \$689.98 to the Program (Federal grant No. U90/CCU417006 – 04). However, a certification was not provided to evidence that the employee worked solely on the Program. • For eight employees, FDOH charged salaries and benefits to the Program although records for the employees did not show that time was spent on the Program. Salaries and benefits charged to the Program for these employees during the 2004-05 fiscal year totaled \$421,628.83 (Federal Grant Nos. U90/CCU417006-04: \$65,827.81; U90/CCU417006-05: \$311,195.89; U50/CCU423781-01-2: \$8,686.75; U58/CCU42279002-04: \$1,215.79; U58/CCU422790-02 -1: \$35,392.57). <p>Payroll expenditures were approximately 23 percent of the total expenditures during the 2004-05 fiscal year for Federal grant Nos. U90/CCU417006, U50/CCU423781, and U58/CCU42279002.</p>
Cause	FDOH procedures were not sufficient to ensure that salaries and benefits were charged to the Program based on the actual time worked as documented by appropriate time records.
Effect	The Program was charged costs that were not substantiated by available time records.
Recommendation	We recommend that FDOH maintain time and effort records for employees that work on more than one activity or project. Additionally, FDOH should ensure that payroll certifications are obtained for all employees working solely on the Program.

State Agency Response and Corrective Action Plan	<p>FDOH concurs with this finding. Time and effort records must be maintained for employees who work on more than one activity or project to support salaries and wages charged to federal grants. The Office of Revenue Management will review the current policy governing this issue as it relates to the requirements set forth in OMB-A87 and take the necessary action to advise the program offices.</p> <p>The department will review OMB-A87 and department policy regarding this issue. The Office of Revenue Management will incorporate any needed policy on this issue into a new Accounting Procedures Manual (APM) on federal grant reporting requirements. Periodic communications will be sent to program offices and CHDs on Single Federal Award Certifications and the need for time and effort records for staff working on more than one federal grant activity.</p>
Agency Contact and Telephone Number	<p>Gary Mahoney (850) 245-4149</p>
Estimated Corrective Action Date	<p>07/01/06 and ongoing</p>

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-058
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 Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	U90/CCU417006 2004 and 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$15,364.77
Finding	FDOH had not fully resolved the issues reported in the prior audit and, in some instances, continued to use questionable practices. Additionally, FDOH did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
Criteria	<p>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.</p> <p>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 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.</p> <p>OMB Circular A-87, Attachment B, Section 8.d.(3) – 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 or component.</p>
Condition	<p>In audit report No. 2005-158, finding No. 04-047, we noted that FDOH had contracted with State universities and a community college to provide staff to administer grant activities under FDOH direction rather than using authorized positions or outsourcing the services. In that report (finding Nos. FA 04-046 and FA 04-047) we also noted deficiencies regarding procurement methods, contract pricing, indirect costs, time and effort records for contracted employees, and contract monitoring. Subsequent to audit inquiry, the staffing contracts reviewed were either canceled or allowed to expire and FDOH subsequently procured four new staffing contracts through a competitive process.</p> <p>As described more fully below, our current review disclosed that FDOH had not fully resolved the issues reported in the prior audit and, in some instances, continued to use questionable practices:</p> <ul style="list-style-type: none"> • During our review of payments made for closing out the staffing contracts disclosed in the prior audit, we noted that FDOH reimbursed a college for the salary costs of the college’s contract manager. FDOH reimbursed the college \$5,333.08 from the CDC-ITA Public Health Preparedness grant although the employee worked on other FDOH contracts rather than spreading the salary

costs (\$5,079.12) and related indirect costs (\$253.96) to all applicable programs. (Federal Grant No. U90/CCU417006 2005)

We also noted that FDOH reimbursed the college \$10,269 - \$9,779.99 for leave payouts to employees terminated from an FDOH staffing contract and \$489.01 for indirect costs assessed to the leave payouts. Pursuant to OMB Circular A-87, payments for leave should be charged as indirect costs to all activities of the governmental unit. Additionally, the reasonableness of assessing indirect costs to this reimbursement is not apparent. (Federal Grant No. U90/CCU417006 2005)

- In the prior audit, we noted potential ethical violations involving a former FDOH employee and a contract with a community college and the related subcontract. Subsequent to audit inquiry, the contract with the college was canceled. However, notwithstanding the potential ethics violations and pending investigation by the FDOH Office of Inspector General, FDOH entered into a \$350,000 contract effective March 1, 2005, with the former subcontractor to continue services similar to those provided in its previous relationship as a subcontractor to the community college. Subsequently, on August 5, 2005, the FDOH Office of Inspector General completed an investigation which substantiated the ethical violations involving former FDOH employees and forwarded the investigation report to the State Ethics Commission. In December 2005, the Commission on Ethics informed FDOH that the complaint had been forwarded to the Commission's Investigative Section.
- FDOH competitively awarded four contracts totaling \$52 million to provide staff to administer FDOH activities under FDOH direction rather than using agency authorized positions or outsourcing services. Two of the contracts totaling \$26 million were for grant-funded positions. These contracted employees are housed at FDOH headquarters and its county health departments and FDOH provided office space, furniture, computers, telephone services, and supervision. FDOH had not identified express statutory authority for acquiring staff to perform ongoing FDOH activities through contracts with vendors and community colleges. Consequently, FDOH has not fully demonstrated compliance with the provisions of Sections 216.262(1) and 216.2625, Florida Statutes.

The two grant-funded staffing contracts included provisions for the payment of administrative fees (i.e., indirect costs). We noted that FDOH had not demonstrated the reasonableness of the administrative fee provided for under the two contracts. For one of the contracts, FDOH indicated that the five percent administrative fee was 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 five percent of the total amount of the contract. For the second staffing contract, FDOH was unable to provide documentation of how the four percent administrative fee was determined to be necessary and reasonable to support the contract. However, FDOH personnel did explain that one percent of the total administrative fee for both contracts was used to cover the MyFloridaMarketPlace vendor fee.

As noted above, similar findings were noted in audit report No. 2005-158, finding No. 04-047. FDOH indicated in the SSPAF that the finding was fully corrected by their utilization of the competitive procurement process to procure staffing services. However, as described above, FDOH had not fully resolved questions as to its authority to acquire staff outside of authorized full-time equivalent positions or demonstrated the reasonableness of administrative fees awarded through the contract.

Cause	FDOH personnel indicated that additional inquiries were not made regarding legal authorization to acquire staff through contractual services with vendors or community colleges. In response to our inquiries during the prior audit, 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.
Effect	FDOH charged costs to the CDC-ITA Program in excess of costs allowed by Federal cost principles. Additionally, FDOH did not demonstrate the reasonable of the administrative fees (indirect costs) established in the contracts.
Recommendation	We again recommend that FDOH discontinue the use of staffing contracts. With regard to the salary and leave costs, we recommend that FDOH make appropriate adjustments to the accounting records to ensure that costs are charged in accordance with the provisions of OMB Circular A-87. We also recommend that FDOH fully document the reasonableness of administrative costs incurred under the staffing contracts and explore whether it should seek an exemption from the one percent vendor fee charged for MyFloridaMarketPlace transactions.
State Agency Response and Corrective Action Plan	<p>FDOH reaffirms its response to Auditor General's report No. 2005-158, finding No. 04-047 and its position that the FDOH's election to competitively procure contract services as provided by statute is the most prudent and economical option to meet its legislative mandate. FDOH's course of action to competitively procure contract services as noted in response to previous finding No. 04-047 was made in consultation and concurrence with FDOH legal counsel.</p> <p>FDOH concurs and will allocate the salaries and benefits of the college's contract manager over the three FDOH contracts with the college. FDOH concurs that the \$10,269 leave payout charge was not correctly charged to the 85KLV OCA due to transitioning in a new accountant. FDOH will credit the federal grant No. U90/CCU471006 2005 by moving the charge to 85KLV.</p> <p>The competitive procurement process FDOH followed is a sound business practice and provides arms length bargaining which established the prevailing "market rate" for the administrative fee. FDOH will ensure adequate documentation is evident within future procurements that have administrative fee costs. FDOH will refer to Department of Management Services in regards to the feasibility of getting a waiver for the 1% MFMP transaction fee.</p> <ol style="list-style-type: none"> 1) FDOH will allocate the salaries and benefits of the college's contract manager over the three FDOH contracts (COBA5, COHFR and COB02) with the college. 2) FDOH will credit the federal grant No. U90/CCU471006 2005 by moving the charge to 85KLV. 3) Strengthen documentation process in regards to assessing the cost/price of administrative fees. 4) Issue an informational request to Department of Management Services in regards to the feasibility of getting a waiver for the 1% MFMP transaction fee.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4149
Estimated Corrective Action Date	03/31/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-059
CFDA Number	93.283
Program Title	Centers for Disease Control and Prevention – Investigations and Technical Assistance
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	U90/CCU417006 2004 and 2005
Finding Type	Material Noncompliance and Reportable Condition
Finding	Contrary to State law, FDOH funded staff positions assigned to perform State coordination and oversight functions through the County Health Department Trust Fund.
Criteria	<p>OMB Circular A-87, Attachment A, Section C.1.b. – Costs must be authorized or not prohibited under State laws or regulations.</p> <p>Section 154.02, Florida Statutes, established the County Health Department Trust Fund from which funds are to be expended for the intent and purpose established in Chapter 154, Part I, Florida Statutes. As stated in Section 154.001, Florida Statutes, it is the intent of the Legislature to promote, protect, maintain, and improve the health and safety of all citizens and visitors of this state through a system of coordinated county health departments. Furthermore, Section 154.01, Florida Statutes, provides for three levels of services to be funded with state and Federal funds through the county health departments (environmental health services, communicable disease control services, and primary care services) and directs FDOH to enter into contracts with the counties to implement these services. Pursuant to Section 154.04 (2), Florida Statutes, the personnel of County Health Departments are employees of the FDOH.</p> <p>Sections 216.262(1) and 216.2625, Florida Statutes provides that, 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.</p> <p>Florida Attorney General Advisory Legal Opinion Number AGO 2000-19 states that County Health Departments are agencies of county government performing a county purpose and are not agencies of state government although the FDOH cooperates with and exercises supervisory authority over the County Health Departments.</p> <p>Based on the above-noted references, there is an expectation that positions assigned to County Health Departments perform services within or solely pertaining to the county to which the positions are assigned. There is also an expectation that positions assigned to coordinate, supervise, or oversee activities pertaining to multiple counties would be assigned to authorized positions established pursuant to Section 216.262, Florida Statutes.</p>
Condition	FDOH used the exemption regarding positions funded by the County Health Department Trust Fund to authorize and fund positions performing functions that are indicative of State-level coordination activities. These positions were not authorized in the general appropriations act. We reviewed the placement and funding of 22 employees who had formerly been employed through staffing contracts, which were the subject of finding No. FA 04-047 in audit report No. 2005-158. We noted that salaries and benefits totaling \$32,869.23 were paid for 6 employees that were assigned to a specific county health department; however, the employees worked at FDOH headquarters performing duties that did not

correspond with their position titles and which were not solely related to the provision of the three levels of services at the county health department to which the positions were assigned. Rather, these positions worked at FDOH headquarters and performed the following functions which were not limited to the county to which the positions were assigned:

- Reviewing emergency management plans for home health care agencies.
- Planning for emergency operations and developing internal plans for emergency operations for the State.
- Overseeing multiple contracts related to preparedness and disaster, providing technical assistance, and assisting with satellite productions as liaison for disaster preparedness.
- Project manager and hospital liaison overseeing the management of numerous grants, and assisting hospitals with health and preparedness plans.
- Marketing the distance learning network to the county health departments, assembling training materials, and performing other preparedness projects in the Office of Performance and Improvement.
- Developing educational courses on emergency preparedness for State public health nurses.

FDOH personnel indicated that although these positions are located at the central office they consider them to be performing 100 percent county health department functions although their efforts are not focused on the county to which the position is assigned.

Cause

FDOH managers assigned the positions to the County Health Department Trust Fund as a solution to workload issues arising from the cancellation of staffing contracts with a university. FDOH records indicate that because of the integrated responsibility for public health services, FDOH managers consider that funding positions that support county health department public health services via centrally located activities is an appropriate use of the County Health Department Trust Fund.

Effect

FDOH has not complied with Section 216.262(1), Florida Statutes, in that the County Health Department Trust Fund was used to fund State administrative activities.

Recommendation

We recommend that FDOH refrain from assigning positions performing State-level coordination activities to specific county health departments. Alternatively, FDOH should document, for each central office position funded from the County Health Department Trust Fund, the nature of the job duties and how these duties relate solely to the assigned county health department.

State Agency Response and Corrective Action Plan

FDOH positions funded from the county health department trust fund perform duties in accordance with Chapter 154, F.S., and FDOH will continue to monitor those positions moved to the county health department (CHD) trust fund to ensure compliance. FDOH provides public health services, enumerated in Chapters 154, 381, and 383, F.S., among others, which are to be provided through CHD personnel, either locally, regionally, or as assigned to Central Office to support CHD public health services with oversight by FDOH. FDOH's course of action in moving personnel that perform county health department specific, regional or statewide work to the county health department trust fund was made in consultation and concurrence with FDOH legal counsel.

FDOH will implement a verification process and tool that will provide routinely updated documentation that Central office/program office positions paid from the CHD TF are working 100% for the county health departments.

*Create a certification form like the Single Federal Awards Certification form that requires each employee to attest to their working activities being 100% for the benefit of the county health departments. These attestations will be reviewed and signed by the employee's supervisor and division director.

*Have those positions moved to the CHD trust fund complete the certification forms semi-annually on the same schedule as the Single Federal Awards Certification. Certifications will be maintained by the appropriate Central office/ program office.

**Agency Contact and
Telephone Number**

Gary Mahoney
(850) 245-4919

**Estimated Corrective
Action Date**

04/30/06

Auditor's Remarks

While the certification form referred to in FDOH's response will be helpful in documenting that the positions' activities relate to county health department functions, FDOH should ensure that the certification forms focus on the benefits provided to the specific CHD to which the position is assigned.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-060
CFDA Number	93.283
Program Title	Centers for Disease Control and Prevention – Investigations and Technical Assistance
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	U90/CCU417006 2004 and 2005
Finding Type	Reportable Condition
Finding	FDOH is unable to identify payments in the State’s accounting system (FLAIR) relative to certain staffing contracts.
Criteria	<p>OMB Circular A-87, Attachment A, General Principles for Determining Allowable Costs - Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.</p> <p>MyFloridaMarketPlace (MFMP) is a State procurement system used for managing agencies’ contracting documents. Typically, for agency term contracts with releases from multiple costs centers and written agreements for project specific contracts for one cost center with a complex scope or specification, method of compensation, and multiple unit rates, a Master Agreement is used in MFMP to record the contract. Payments toward Master Agreements are normally processed through MFMP, which readily identifies the payments with the applicable Master Agreements through a specific identification field. This specific identification is then electronically recorded in FLAIR. A purchase order (direct order) is typically used for procurements of simple services and “one-time buys” of commodities.</p>
Condition	As noted in finding No. FA 05-058, FDOH awarded four contracts totaling \$52 million to provide staff to administer FDOH activities. FDOH did not establish a Master Agreement in MFMP for these contracts whereby payments relative to these contracts would have been readily identified in both MFMP and FLAIR. FDOH instructed the program offices to issue a direct order each time one or more positions were required. When the direct orders are created the contract number is recorded in the description field; however, when the data for direct orders processed through MFMP is uploaded into FLAIR, the contract number is not included. While FDOH has established a process for ensuring that the contract number is recorded in FLAIR for payments made under a Master Agreement; there is not a similar process in place for payments made under a direct order.
Cause	FDOH did not follow established procedures for recording the contracts in MFMP.
Effect	Payments in the State’s accounting system cannot be readily identified to the staffing contracts.
Recommendation	We recommend that FDOH establish a master agreement within MFMP to identify and track expenditures relative to these staffing contracts. Further, we recommend that FDOH research payments that have already been made on these contracts; prepare and maintain documentation identifying the document numbers, amounts, and relevant accounting information for each payment as it relates to a particular contract; and adjust FLAIR records as necessary.

**State Agency Response and
Corrective Action Plan**

FDOH concurs that these contracts were not setup in MyFloridaMarketPlace (MFMP) as master agreements and that the applicable contract number was not recorded in the encumbrance and subsequent expenditure transactions in FLAIR. These four contracts represent the first agency term contracts that FDOH has established for department-wide use. At the time these agency term contracts were established, FDOH did not have formal procedures in place that outlined the best way to track these unique contracts by contract number in MFMP with master agreements and DOs.

FDOH will implement the following:

- 1) Establish a master agreement for each of the referenced contracts for the unspent obligated balances.
- 2) Attach a listing of existing contract expenditures to the appropriate master agreement.
- 3) Reissue previously established Direct Orders (DO) with Nightline and TCC linking to the appropriate master agreement referenced in (1).
- 4) Ensure reissued and new DOs from these master agreements have the appropriate contract number, and that the contract number is identified within the applicable encumbrance and expenditure transactions in the state's accounting system (FLAIR).
- 5) For any contract expenditure already recorded in FLAIR, FDOH will identify and make the appropriate adjustments to add the applicable contract number.

This process will ensure DOs issued from these contracts and master agreements do not exceed the negotiated amounts, and the appropriate obligation balance and expenditures are identifiable by the applicable contract number.

**Agency Contact and
Telephone Number**

Gary Mahoney
(850) 245-4919

**Estimated Corrective
Action Date**

03/31/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-061
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 Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	U50/CCU423360 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$120,123
Finding	Costs were charged to the CDC-ITA Program without proper approval and supporting documentation.
Criteria	OMB Circular A-87, Attachment A, Section C.1.c., <i>Basic Guidelines</i> – To be allowable under Federal awards, costs must be authorized or not prohibited under State or local laws or regulations. Section 287.058(2), Florida Statutes – The written agreement evidencing procurement of contractual services shall be signed by the agency head and the contractor prior to the rendering of any contractual service, except in the case of a valid emergency as certified by the agency head.
Condition	One of the 40 CDC-ITA expenditures tested pertained to a contract for research. We noted that two payments totaling \$120,123, made in connection with this contract, were not properly authorized or documented. A payment of \$80,082 was made for services rendered during the period October 1, 2004, through March 31, 2005; however, the contract was not signed until March 2, 2005. Additionally, a payment of \$40,041 was made for the quarter ended June, 30, 2005; however, FDOH had not received the written progress report that was contractually required for payment authorization.
Cause	FDOH personnel indicated that the contract was for the second year of a three-year study. FDOH procedures were not adequate to ensure that payments were not made for activities occurring prior to the contract execution date or without documentation of receipt of the appropriate deliverables.
Effect	The Program was charged costs that were not adequately documented or authorized.
Recommendation	FDOH personnel indicated that policies have been established to ensure that no future invoices are paid outside the contract period and to require the attachment of written reports to the invoice when obtaining payment authorization.
State Agency Response and Corrective Action Plan	All invoices will be processed with the deliverable report attached. This plan has already been initiated and has been followed on all invoices processed since the date of implementation. The approval process has been expanded and now includes the contract manager, program administrator, bureau chief, and division budget contact. Due effort will be made to ensure no work is done outside of the valid contract period. In the event this occurs, a Settlement Agreement will be prepared prior to payments being made. The expanded approval process will serve to prevent payments outside of the contract period.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4149
Estimated Corrective Action Date	Ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-062
CFDA Number	93.283
Program Title	Centers for Disease Control and Prevention – 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 2004
Finding Type	Material Noncompliance Questioned Costs – \$5,125
Finding	Equipment purchased with CDC-ITA funds was not used solely for the CDC-ITA Program.
Criteria	<p>The FDOH Approved 2004 Budget – Focus Area G Budget Year Four Workplan provides that education and training funds will be used to ensure the delivery of appropriate education and training to key public health professionals, infectious disease specialists, emergency department personnel, and other healthcare providers in preparedness for and response to bioterrorism, other infectious disease outbreaks, and other public health threats and emergencies.</p> <p>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.</p>
Condition	<p>We examined ten expenditures for the acquisition of property and equipment. One of the expenditures was for the purchase of a satellite system totaling \$5,125. This satellite was to be used by a county health department 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.</p> <p>Similar instances were noted in audit report No. 2005-158, finding No. FA 04-045.</p>
Cause	FDOH personnel indicated that they believed the purchase was allowable under the Department's grant award.
Effect	The Program was charged the full costs of the satellite system rather than an allocation of costs based on the actual benefits received.
Recommendation	We recommend that FDOH ensure that CDC-ITA funds are used solely for Program purposes and that the cost of shared equipment is equitably charged to the programs for which the equipment is utilized.
State Agency Response and Corrective Action Plan	<p>The CDC Bioterrorism Funding Guidance; Focus Area G; Critical Benchmark # 14.4 ; states: "Develop the capacity at the state and/or local public health agency to facilitate or provide education and training sessions and services on bioterrorism, other infectious disease outbreaks, and other public health threats and emergencies. This should include... ..access to distance learning capabilities in the form of an identified location to receive satellite broadcasts and a higher level of Internet connectivity, video and imaging capacity to view live feeds".</p> <p>Distance Learning Network expansion was part of Project CG00004 expenditures that were submitted to the CDC. Project CG00004 was approved by the CDC and included in the Notice of Grant Award (NGA). The subsequent Technical Assistance Review from the CDC found no exceptions for Focus Area G projects. The projects approved by CDC in the NGA described the amount and type of</p>

equipment to be purchased and the intended use of that equipment to develop capacity and allow access to education and training related to bioterrorism, infectious disease outbreaks, and other public health emergencies.

In Grant Year 2003-04, there were 168 downlink sites in the Florida Department of Health's (DOH) Distance Learning Network. One hundred and eight of these sites are located on local public health (DOH) properties. During that time, Department sites participated in 225 satellite broadcast programs. Of the 225 programs, 199 (88.4 %) were preparedness specific or preparedness related. The Distance Learning Network fulfilled its obligation under the NGA to develop capacity and provide access to public health professionals with critical information related to bioterrorism, infectious disease outbreaks and other public health threats. To fulfill this obligation, a limited number of required pieces of equipment were purchased with the support and approval of the CDC as noted in the NGA. (Project ID CG00004 Satellite component equipment & cabling)

The Department of Health, Focus Area G, will seek additional clarification on this issue from CDC, the Coordinating Office for Terrorism Preparedness and Emergency Response, the Coordinating Center for Health Information and Service, the Procurement and Grants Office and the Office of Workforce and Career Development.

**Agency Contact and
Telephone Number**

Jennifer Bencie, (850) 245-4054

Paul Boisvert, (850) 245-4054

**Estimated Corrective
Action Date**

06/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-063
CFDA Number	93.558
Program Title	Temporary Assistance for Needy Families (TANF)
Compliance Requirement	Eligibility
State Agency	Florida Department of Children and Family Services (FDCFS)
Federal Grant/Contract Number and Grant Year	G-0401FLTANF 2004 and G-0501FLTANF 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$2,348
Finding	TANF benefits were not always calculated correctly and eligibility for TANF benefits was not always documented.
Criteria	<i>State Plan for TANF; Eligibility for TANF Funded Assistance; 42 USC 608(a)(8) and (9); 21 USC 862a</i>
Condition	<p>Our tests of eligibility-related documentation for 40 clients (cases) that received TANF benefits during the 2004-05 fiscal year disclosed:</p> <ul style="list-style-type: none"> • One case in which FDCFS inappropriately applied the family cap provisions to a family that did not have a child born within ten months of the first benefit payment. The errors resulted in \$153 underpayment for six months. • Three cases in which the applicant/recipient did not respond to questions on the Request For Assistance (RFA) regarding not having anyone in the home that had ever been convicted of fraudulently receiving benefits simultaneously in two or more states, not fleeing the law due to a felony or probation violation, or not having been convicted of a drug trafficking felony. FDCFS relies on self-declaration for these eligibility requirements. Two of the applicants/recipients made these self-declarations in the subsequent redetermination period. Benefits for the third recipient totaled \$358 for three months. • Four cases in which FDCFS could not provide a RFA for the eligibility period tested. Case files and data systems provided some documentation to evidence that eligibility redeterminations had been conducted. However, the absence of the RFAs precluded verification of the applicants/recipient's shelter obligation for two of the four cases. In these two instances, the benefit payments totaled \$1,990 for ten months.
Cause	FDCFS personnel did not properly identify families who had a child within ten months of the first benefit payment, did not ensure applicants/recipient properly completed RFAs, and did not properly maintain RFAs in the case files.
Effect	TANF recipients were not issued the correct benefit amount and the TANF Program was charged for cases where eligibility was not properly documented.
Recommendation	We recommend that FDCFS continue training on the procedures related to correctly identifying families who qualify for the family cap provisions. We also recommend that FDCFS ensure that all eligibility criteria is properly documented and maintained.

State Agency Response and Corrective Action Plan	<p>The districts responsible for the errors will be requested to restore benefits to all applicable recipients. Training will be requested for the local service centers where the errors occurred.</p> <p>The Economic Self-Sufficiency Services Central Office will issue an electronic message to all FLORIDA [Florida On-Line Recipient Integrated Data Access system] users reminding interview clerks and eligibility specialists to review each application to confirm that the questions related to having been convicted of fraudulently receiving benefits in two or more states, being a fleeing felon, probation or parole violator, and having been convicted of a drug trafficking felony have been answered. Staff will be instructed in the message that if the questions have not been answered at the time the application is received, the questions must be addressed and recorded on the application or in the case record.</p>
Agency Contact and Telephone Number	Cindy Mickler (850) 488-5342
Estimated Corrective Action Date	May 31, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-064
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) Florida Agency for Workforce Innovation (FAWI)
Federal Grant/Contract Number and Grant Year	N/A
Finding Type	Reportable Condition
Finding	Information reported in the Separate State Program-Maintenance of Effort (SSP-MOE) Data Report was not always accurate.
Criteria	45 CFR 265.3(d); 45 CFR 260.31(a)(3); TANF Program Instructions Memorandum No. TANF-ACF-PI-99-3
Condition	<p>For the SSP-MOE Data Report transmitted to the U. S. Department of Health and Human Services (USDHHS) for the quarter ended June 30, 2005, we selected 15 cases to test the data associated with 19 Items within the report. Specifically, we noted:</p> <ul style="list-style-type: none"> • For 3 of the 15 cases tested, the report contained data for two months within the report period, thereby resulting in 18 instances in which the report indicated the families had not received Subsidized Child Care. Our tests disclosed that for 6 of the 18 instances, the families had received Subsidized Child Care. • The report contained 19 instances in which Work Participation Activities were reported for 9 of the 15 cases tested. Our tests disclosed 3 instances in which the reported total work activity hours did not agree with the work activity hours recorded in the FAWI One-Stop Service Tracking (OSST) System.
Cause	<p>Due to an error regarding the coding of Subsidized Child Care Benefits, the automated process that inputs data to the SSP-MOE Report excluded data for clients receiving Subsidized Child Care.</p> <p>Differences between Work Participation Activities data reported in the SSP-MOE Report and the OSST may be attributed to changes made in the OSST between the date FDCFS extracted the information to include in the SSP-MOE Report and the date of our audit field work. However, the OSST does not maintain a history of changes, and therefore, identifying historical data is not possible. In response to audit inquiry, FAWI stated that they are trying to implement a lock down policy (data could not be changed after a certain time period).</p>
Effect	USDHHS did not receive accurate data to use in monitoring and compiling statistics for the TANF Program.
Recommendation	We recommend the FDCFS continue efforts to ensure the accuracy of the data reported to the USDHHS. We also recommend the FAWI continue its efforts to enhance the OSST to provide historical data.
State Agency Response and Corrective Action Plan	<p>Florida Department of Children and Family Services:</p> <p>Programming that builds the SSP-MOE Data Report was not reporting child care payments received under funding source BG3 as subsidized child care payments. We will work closely with Florida Agency for Workforce Innovation and will use the historical data once it is made available.</p>

Programming has been corrected effective with the October 2005-December 2005 quarter to correctly populate the "Received Subsidized Child Care" for those cases receiving subsidized child care under funding code BG3.

Florida Agency for Workforce Innovation:

Programming that builds the SSP-MOE Data Report was not reporting child care payments received under funding source BG3 as subsidized child care payments. Programming has been corrected effective with the October 2005-December 2005 quarter to correctly populate the "Received Subsidized Child Care" for those cases receiving subsidized child care under funding code BG3. Programming of the OSST system to report more accurate historical Work Participation Rate hours is on-going.

The two Florida agencies (The Department of Children and Families and the Agency for Workforce Innovation) will work closely together in order to develop and administer a data lock-down and archival process, and will use the historical data once it is made available.

Agency Contact and Telephone Number

Florida Department of Children and Family Services:

Pat W. Brown
(850) 922-8959

Florida Agency for Workforce Innovation:

Duane L. Whitfield
(850) 245-7409

Estimated Corrective Action Date

Florida Department of Children and Family Services:

May 31, 2006

Florida Agency for Workforce Innovation:

Development and implementation of a data lock-down process is estimated to occur by June 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-065
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	Information reported in the TANF Data Report was not always accurate.
Criteria	45 CFR 265.3(b); TANF Program Instructions Memorandum No. TANF-ACF-PI-99-3
Condition	<p>For our audit of the TANF Data Report transmitted to the U.S. Department of Health and Human Services (USDHHS) for the quarter ended June 30, 2005, we selected 15 cases to test the data associated with 23 items within the report. Specifically:</p> <ul style="list-style-type: none"> • For the 15 cases tested, the report contained 20 instances related to Family Affiliation. Our tests disclosed 2 instances in which Family Affiliation was reported incorrectly. • For 2 of the 15 cases tested, the report incorrectly reported that the families had not received Subsidized Child Care.
Cause	<p>Due to FDCFS personnel incorrectly coding the individuals' Participation Status in the Florida On-Line Recipient Data Access (FLORIDA) system, the automated process that inputs data into the TANF Data Report did not accurately report Family Affiliation.</p> <p>Due to an error regarding the coding of the funding source for Subsidized Child Care, the automated process that inputs data in the TANF Data Report incorrectly reported recipients of Subsidized Child Care as TANF Child Care.</p>
Effect	USDHHS did not receive accurate data to use in monitoring and compiling statistics for the TANF Program.
Recommendation	We recommend that FDCFS continue efforts to ensure the accuracy of the data reported to the USDHHS.
State Agency Response and Corrective Action Plan	<p>The two cases with incorrect family affiliation were due to data entry errors in the household relationships data by field staff. We will broadcast a message on the FLORIDA system stressing the importance of correctly entering household relationships. Programming that builds the TANF Data Report was incorrectly reporting child care payments received under funding source BG3 as TANF benefits and not as subsidized child care.</p> <p>Programming has been corrected effective with the October 2005-December 2005 quarter to correctly populate the "Received Subsidized Child Care" for those cases receiving subsidized child care under funding code BG3.</p>
Agency Contact and Telephone Number	Pat W. Brown (850) 922-8959
Estimated Corrective Action Date	May 31, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-066
CFDA Number	93.558
Program Title	Temporary Assistance for Needy Families (TANF)
Compliance Requirement	Special Tests and Provisions
State Agency	Florida Department of Children and Family Services (FDCFS)
Federal Grant/Contract Number and Grant Year	G-0401FLTANF 2004 and G-0501FLTANF 2005
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$3,276
Finding	Sanctions were not always properly applied to individuals not cooperating with the Child Support Enforcement (CSE) Program.
Criteria	45 CFR 264.30
Condition	Our tests of 15 TANF clients (cases) that were reported by the Florida Department of Revenue to the FDCFS for not cooperating with the CSE Program disclosed: <ul style="list-style-type: none"> • Three cases in which FDCFS did not timely discontinue benefits. As a result, the FDCFS improperly paid benefits totaling \$2,315 for one, three, and six months. • For another case with both workforce and CSE sanctions, FDCFS improperly initiated benefits when a workforce sanction was lifted, but a CSE sanction remained. The client improperly received benefits totaling \$961 for two months.
Cause	FDCFS personnel did not take timely action to discontinue benefits upon notification of CSE sanctions. <p>For the one instance in which the case had dual sanctions, improper coding of the sanctions in the Florida On-Line Recipient Data Access system inhibited FDCFS personnel's identification of the CSE sanction and, thereby, did not prevent the initiation of benefits.</p>
Effect	The Federal Government paid TANF benefits to recipients who were ineligible.
Recommendation	We recommend that FDCFS ensure that TANF benefits are timely discontinued upon notification that individuals are not cooperating with the CSE Program. We also recommend that FDCFS continue training on procedures related to proper coding of dual sanctions.
State Agency Response and Corrective Action Plan	The districts responsible for the errors will be requested to complete a benefit recovery referral on all applicable cases. Training will be requested for the local service centers where the errors occurred.
Agency Contact and Telephone Number	Cindy Mickler (850) 488-5342
Estimated Corrective Action Date	May 31, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-067
CFDA Number	93.563
Program Title	Child Support Enforcement (CSE)
Compliance Requirement	Allowable Costs/Cost Principals
State Agency	Florida Department of Revenue (FDOR)
Federal Grant/Contract Number and Grant Year	0404FL4004 2003-04 and 0504FL4004 2004-05
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$871,000 (Federal Share \$575,000)
Finding	FDOR did not fully comply with the provisions of OMB Circular A-87 regarding a semiannual certification for employees expected to work solely on a single Federal award or cost objective.
Criteria	OMB Circular A-87, Attachment B, Section 11.h(3), Support of Salaries and Wages
Condition	We tested 40 program expenditures, 20 of which were salary payments for employees who worked 100 percent of their time on the CSE Program. FDOR procedures require a certification every six months for employees expected to work solely on the CSE Program. However, we noted for one Other Personal Services (OPS) employee, FDOR was unable to provide a certification. Amounts paid on behalf of this employee during the certification period in question totaled \$775. Further analysis indicated that the amount paid to all OPS employees who worked on the CSE Program during the 2004-05 fiscal year was approximately \$871,000 (\$575,000 Federal share).
Cause	FDOR did not require OPS employees who worked solely on the CSE Program to provide a certification to this effect.
Effect	Without the periodic certifications required by OMB Circular A-87, the FDOR had not fully substantiated the salary costs charged to the CSE Program.
Recommendation	We recommend that the FDOR amend the certification procedures to include all employees working solely on the CSE Program.
State Agency Response and Corrective Action Plan	The Florida Department of Revenue agrees with this finding; the exclusion of Other Personal Services (OPS) employees was an oversight. Procedures are being developed to obtain monthly listings of all employees, including OPS, from the People First system. These lists will be reviewed monthly and any known staff who are not yet reflected on People First will be manually added. The monthly employee listings will be merged every six months to ensure that all staff employed during the period have been identified and will be included in the next and all future semiannual certifications.
Agency Contact and Telephone Number	Mel Hedick, (850) 413-0605 Loretta Alexander, (850) 922-9583
Estimated Corrective Action Date	May 15, 2006 for the October 2005 - March 2006 certifications.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-068
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	0404FL4004 2003-04 and 0504FL4004 2004-05
Finding Type	Reportable Condition
Finding	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 independent verification of the performance and reconciliation of related information maintained on multiple records or record systems. In situations in which the contractor is used to process transactions and maintain records, the independent verification function may be achieved through evaluations performed on at least an annual basis by persons independent of the contractor.
Condition	<p>FDOR is responsible for the administration of the CSE Program (Program). Certain aspects of the Program are coordinated 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. Our audit determined that the FDOR did not reconcile all data reported by the SDU contractor with related data in the FLORIDA System. Utilizing data from the FDCFS FLORIDA System, FDOR reported collections totaling approximately \$1.4 billion on the Quarterly Reports of Collections (OCSE-34A) submitted for the 2004-05 fiscal year.</p> <p>Similar findings were noted in previous audit reports, most recently in audit report No. 2005-158, finding No. FA 04-053. In response to finding No. FA 04-053, FDOR stated that effective August 31, 2005, FDOR assumed responsibility for direct management of the SDU contract. This arrangement allows FDOR to begin a comprehensive review of the SDU operation and is expected to be completed in 6-12 months. An early focus of the review will include reducing payment processing errors and implementing a comprehensive monitoring program by the end of December 2005.</p>
Cause	FDOR staff indicated that the agency does not currently 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, FDOR has a limited basis for reasonably ensuring the accuracy and completeness of the OCSE-34A reports.
Recommendation	We recommend that the FDOR reconcile all data maintained on multiple systems. Such reconciliations should provide sufficient detail and documentation to allow adjustments to Federal reports or accounting records as needed.

**State Agency Response and
Corrective Action Plan**

a. A review, which will form the basis for reconciliation, was completed by Thompson, Cobb, Bazilio & Associates, PC (TCBA). Their report and recommendations were provided January 31, 2006. As previously indicated, another vendor will subsequently be obtained to assist in performing a reconciliation in accordance with the methodology recommended by TCBA. Because of the delays encountered in the TCBA work, the work of the subsequent vendor will not be completed in the early FY 2006/07 time frame. A new schedule will be developed along with the procurement of the vendor.

b. DOR assumed responsibility for direct management of the SDU contract on September 1, 2005. A limited on-site presence has been maintained since that time, while office space in the SDU building is being obtained. An organizational restructure of DOR SDU support has been finalized, providing additional staffing for new responsibilities. A comprehensive monitoring plan has also been under development and will be finalized in March 2006.

**Agency Contact and
Telephone Number**

Buster Pfaender
(850) 922-6350

**Estimated Corrective
Action Date**

FY 2007/08

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-069
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-04AAFL4100 and G-05AAFL4100
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$6,971.22
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; Grant Terms and Conditions
Condition	<p>We reviewed 40 case files of individuals receiving Refugee Medical Assistance (RMA) and Refugee Cash Assistance (RCA) 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 three instances where benefits were paid on behalf of individuals for which FDCFS could not provide the required documentation. Specifically, we noted:</p> <ul style="list-style-type: none"> • For three instances, case records were not available to document client eligibility for benefits. RMA benefits totaling \$2,890.75 and RCA benefits totaling \$2,627 were paid on behalf of these clients. • In one instance, benefits were paid beyond the eight month eligibility period. RMA and RCA benefits were paid for three months of ineligibility totaling \$598.47 and \$285, respectively. • In one instance, benefits were paid to a minor child that was incorrectly given separate RCA assistance. RCA benefits totaling \$570 were paid on behalf of this client. <p>Similar findings were noted in previous audit reports most recently in audit report No. 2005-158, finding No. FA 04-055.</p>
Cause	FDCFS failed to comply with established procedures to prevent amounts from being paid on behalf of ineligible individuals. For one instance, FDCFS indicated that benefits were paid to a minor as a result of the child being incorrectly coded as married in the system. For two of the three instances that case records were not available, FDCFS indicated that the records could not be provided because entry is no longer allowed to the building where the cases were processed due to Hurricane Wilma damage. In the other instance, FDCFS could not locate the case record.
Effect	REAP benefits were used to provide RMA and RCA on behalf of individuals who were ineligible or whose eligibility period had expired.
Recommendation	We recommend that FDCFS strengthen its efforts to ensure that RMA and RCA 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 of Children and Families will endeavor to make certain that Refugee Cash Assistance and Refugee Medical Assistance benefits are made available only to eligible individuals who meet proper refugee status. In addition, the department will strive to ensure that benefits are provided only within the time period established by Federal guidelines.
	The department is committed to complying with the Federal regulations that govern RCA and RMA. To that end, the department will continue to use methods currently in place to ensure the programs are conducted in accordance with Federal rules. These methods include distribution of monthly closure reports, pre-service and in-service training, case record review, and automated case closure via the FLORIDA [Florida On-Line Recipient Integrated Data Access] system.
Agency Contact and Telephone Number	Ann Herring (850) 921-5580
Estimated Corrective Action Date	Ongoing.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-070
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	0401FL1401 and 0501FL1401 2004-05
Finding Type	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs – \$142,366
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 1356.30; 45 CFR 1356.60; 42 USC 672; Section 435.045 and Section 435.04, Florida Statutes; <i>Family Safety Statewide Operating Procedures, CFOP 175-71</i>
Condition	<p>We tested 40 case files of children receiving Foster Care – Title IV-E funded benefits and noted that in 10 instances FDCFS paid Foster Care – Title IV-E maintenance payments totaling \$141,395 without properly documenting eligibility. Specifically, we noted:</p> <ul style="list-style-type: none"> • For one instance, the first court ruling did not contain the required “contrary to the welfare” language. • For one instance, a judicial determination was not received within 60 days that stated that reasonable efforts were made, or were not required to prevent the removal of the child. • For one instance, there was no evidence that a judicial determination regarding efforts to finalize the permanency plan was made within the required time frames. The judicial determination was ten months late. • For one instance the requirement of deprivation was not met. • For one instance an eligibility file was not maintained. Title IV-E eligibility documents were reconstructed subsequent to our inquiry; however, there was insufficient information to support the eligibility determination. • For five instances, although requested, FDCFS could not provide current background screenings for the licensed foster care providers. Subsequent to audit field work on February 22, 2006, FDCFS provided background screenings for four of the five providers. <p>We also tested 35 payments made on behalf of children funded by Foster Care – Title IV-E funds and noted clerical errors in 1 payment that resulted in non-Title IV-E board rate charges totaling \$971 being incorrectly charged to the Program.</p> <p>Similar findings were noted in previous audit reports most recently in audit report No. 2005-158, finding No. FA 04-061.</p>
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 a determination of whether improper payments were also made after June 30, 2005, and corrective actions, as necessary.
State Agency Response and Corrective Action Plan	<p>Eligibility Documentation: The Department of Children and Families concurs that improper Title IV-E payments were made. The relevant districts/region will be notified that recoupment of error payments need to be made prior to 6/30/06. Each district/CBC with error payments will be asked to develop and implement a corrective action plan that ensures IV-E payments are only made for children who have been determined IV-E eligible/reimbursable as documented in the case file.</p> <p>The Department will engage in a three tier monitoring process that will require each district/CBC to monitor cases on the local level (Tier 1). Then, cases will be monitored at the Zone level (Tier 2); the monitoring team for this level of monitoring will include central office Revenue Maximization staff. Tier 3 will take the form of a "mock" federal audit - i.e. a statewide random sample will be pulled from the quarterly data submission to ACF. These cases will be reviewed using the federal Title IV-E tool.</p> <p>As problematic areas are identified through the monitoring process, monthly revenue maximization conference calls will be used as a forum for training and technical assistance.</p> <p>The new General Counsel's training committee will be implementing statewide Video Teleconferencing training to address child welfare legal service issues. This office also has a workgroup convened that will address court orders and provide training regarding court orders.</p> <p>Licensing Issues: Licensing Administrators and Specialists will work closely with Group Care providers to ensure tracking procedures are in place for new hires so that all background requirements are completed in a timely manner. Licensing Administrators and Specialists will also work closely with Revenue Maximization staff to ensure that all background screening information is readily available. Training and technical assistance will also be provided during licensing conference calls.</p> <p>Payments/"clerical error:" The central office will request that the district correct the payments identified and charge them to the correct fund source. The district will also be asked to develop and employ a system of checks and balances to ensure that payments are paid from the correct fund source; and submit a description of measures to be taken to the central office.</p>
Agency Contact and Telephone Number	Elizabeth Wynn, (850) 922-0743 Vicki McCrary, (850) 921-1928
Estimated Corrective Action Date	December 2006 and ongoing

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-071
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	0401FL1407 and 0501FL1407
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$62,584
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	42 USC 673
Condition	<p>We tested 40 case files of children receiving Adoption Assistance funded benefits and noted that in 3 cases FDCFS paid Adoption Assistance maintenance payments totaling \$62,584 without proper documentation of eligibility. Specifically, we noted:</p> <ul style="list-style-type: none"> • In two instances, FDCFS incorrectly paid Title IV-E adoption assistance subsidy when the child was determined non-Title IV-E. • In one instance, the subsidy amount paid by FDCFS with Title IV-E adoption assistance funds exceeded the maximum allowable subsidy. The Adoption Assistance subsidy in no case may exceed the foster care maintenance payment which would have been paid during the period if the child had been in a foster family home. <p>Similar findings were noted in audit report No. 2005-158, finding No. FA 04-063.</p>
Cause	FDCFS districts and CBCs failed to follow FDCFS policies and Federal regulations regarding documenting eligibility determination and determining payment amounts. 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 and payment of incorrect subsidy amounts.
Recommendation	We recommend the FDCFS take appropriate action to ensure that all cases have accurate and complete information 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 a determination of whether improper payments were also made after June 30, 2005, and corrective actions, as necessary.
State Agency Response and Corrective Action Plan	<p>The Department of Children and Families concurs that Title IV-E payments were improperly paid. The relevant districts/CBC agencies will be notified that the IV-E payments made in error will need to be corrected and the Title IV-E funds returned to the federal government.</p> <p>The Title IV-E adoption assistance screening worksheet and instructions provide guidance regarding IV-E eligibility for adoption assistance and documentation requirements. This form is available for use by all staff; zone revenue</p>

maximization specialists will be directed to provide technical assistance to the local adoption staff, including zone adoption specialist; this technical assistance will include a thorough review of the form and program requirements, to include allowable IV-E adoption assistance rate.

The central office Revenue Maximization unit will institute a desk review process as follows: Review IV-E adoption assistance ICWSIS payments. For any payment that "appears" higher than the standard board payments require the district/CBC to verify that the IV-E adoption assistance payment is not more than the standard board payment that would have been made had the child remained in licensed foster care. Then, follow-up with a review of a small random sample of case files to validate.

**Agency Contact and
Telephone Number**

**Estimated Corrective
Action Date**

Elizabeth Wynn
(850) 922-0743

December 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-072
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	G0401 FLTANF and G0501 FLTANF
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$472,535.59
Finding	FDCFS was not able to demonstrate that payments to Community-Based Care agencies (CBCs) 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)(B); 42 USC 9902(2); 2004 and 2005 HHS Poverty Guidelines; <i>FDCFS Family Safety Statewide Operating Procedures</i> , CFOP 175-93
Condition	During the 2004-05 fiscal year, FDCFS transferred approximately \$60.4 million of TANF funds to the SSBG program. Of this amount approximately \$29.7 million was paid to CBCs. The CBCs used the funds for administrative and case management costs, and for payments on behalf of clients. FDCFS staff indicated that the administrative and case management costs were charged based upon CBC cost allocation plans approved by FDCFS. The allocations were based on various statistics. The CBC payments made on behalf of clients were processed through the FDCFS' Integrated Child Welfare Services Information System (ICWSIS). FDCFS staff further indicated that the CBCs were allowed to select from various funding sources, including the TANF funds transferred to SSBG, to fund these payments made on behalf of clients. As a result of these processes, it is not possible to identify a specific charge to a particular client. Therefore, for the 20 payments we sampled totaling \$472,535.59, it cannot be determined if the funds paid to CBCs from TANF 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.
Cause	FDCFS did not have adequate procedures in place to ensure that CBCs determined and documented clients' eligibility for amounts paid on their behalf from TANF funds transferred to SSBG.
Effect	FDCFS cannot demonstrate that amounts paid to CBCs were used only for programs and services to children and their families whose incomes were less than 200 percent of the official poverty guidelines, as required for funds transferred from the TANF Grant to SSBG.
Recommendation	FDCFS should enhance procedures for determining and documenting that amounts paid to CBCs from TANF funds transferred to SSBG 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 of Children and Families concurs with the Auditor General's finding that "it is not possible to identify a specific charge to a specific client." The department does not maintain client specific records for financial earnings of clients in an automated database. However, the department firmly believes that it has complied with federal requirements of ensuring that the funds transferred from TANF to SSBG were used for eligible clients meeting the 200% of poverty criteria.

Our explanation of this is presented below.

As stated in the Department's SSBG Pre-Expenditure report, these children are considered a "family of one" when they are placed in Out-Of-Home Care and in most instances meet the 200% below poverty income criteria. The current rate of TANF eligibility for the In-Home family group is more than 80%. Since the department considers children removed as a family of one, it examines only the child's income, which would be significantly less than the family's. Thus, the anticipated percentage of clients at less than 200% of poverty would be far greater than the 80% In-Home rate.

The Department uses a combination of funds for clients ineligible for either Title IV-E Foster Care or Title IV-A - Emergency Assistance. Because the vast majority of these clients meet the income criteria, the department opts to use the TANF funds transferred to SSBG along with other funds to provide Out-of-Home Care services to these clients. Our analysis reveals that approximately 28% of all funds for "Ineligible" clients are SSBG funds. Since the eligibility rate of these "Ineligible" clients is far greater than 80% and the funds expended from regular SSBG and the transfer from TANF are only 28% an inappropriate use of the funds would not occur.

Agency Contact and Telephone Number

Elizabeth Wynn, (850) 922-0743

Coordinated with:
John Lyons and Sylvia Matthews

Estimated Corrective Action Date

December 2006

Auditor's Remarks

While the income for the vast majority of the applicable population could be less than 200 percent of the official poverty guidelines, we recommend that FDCFS develop records to support its position. The records should include a correlation between the funds and the applicable population. We also recommend that FDCFS seek concurrence from the Federal Government regarding the methodology used to demonstrate that the funds transferred from TANF to SSBG were used only for children and their families whose income were less than 200 percent of the official poverty guidelines.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-073
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, 05-0405FL5R21, and 05-0405FL5021
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$159,545 (Federal share \$113,644)
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. As previously noted in audit report No. 2005-158, finding No. FA 04-065, the capitation rate exceeded FDOH costs resulting in residual SCHIP funds that were used for multiple activities that FDOH has not documented as allowable for SCHIP funding. In response to that finding, FDOH identified \$7,269,098 in non-SCHIP expenditures during the 2003-04 fiscal year. Based on that methodology, we identified an additional \$159,545 in non-SCHIP expenditures during the 2004-05 fiscal year.
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 restore to the grant an amount equal to expenditures determined to be unallowable under the SCHIP.
State Agency Response and Corrective Action Plan	<p>There are two contracts in question regarding the Auditor General's review: COQFV (Youth Transition Services) and COQGN (Medical Home). The audit report is correct in its finding that these contracts benefit children other than those that are covered under the Federal SCHIP Program. Under a traditional grant financing methodology we would concur with the audit finding that the expenditures for these programs should have been shared proportionately with other funding sources that provide services to non-SCIP children. In this case, however, the funds are received under a risk based capitated funding methodology based on an established rate for each child enrolled for each month. DOH / CMS [Children's Medical Services] believes that residual funds that exceed the expenditures necessary to meet the identified medical needs of the SCHIP enrolled children can be used to support other non-Title XXI specific activities or client populations.</p> <p>The receipt of the funds is based on a monthly per member per month allocation that is based on a capitation rate that is established by the joint legislative / executive estimating conference. The Department of Health is at risk for the delivery of medically necessary services, based on the Medicaid benefit plan, for all Title XXI children that are enrolled in CMS. Like an HMO [Health Maintenance Organization] we believe that when we have delivered the necessary benefits for</p>

enrolled children during the month in which the premium was received that we have "earned" the Title XXI SCHIP funds.

Until the Federal Center for Medicaid Medicare Services makes a final determination regarding the funding structure identified above and addresses the resultant flexibility of funding under a risk based capitated financing arrangement, Florida DOH / CMS believes that no corrective action is necessary. However, to avoid the potential for future liabilities CMS will use the random moment sample methodology, or document by other quantifiable method the appropriate share of cost that is allocated to the SCHIP program within CMS contracts that are supported in part with Title XXI funds.

**Agency Contact and
Telephone Number**

Dr. Joseph Chiaro
(850) 245-4211

**Estimated Corrective
Action Date**

March 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-074
CFDA Number	93.767
Program Title	State Children's Insurance Program (SCHIP)
Compliance Requirement	Eligibility, Subrecipient Monitoring, Program Income
State Agency	Florida Agency for Health Care Administration (FAHCA)
Federal Grant/Contract Number and Grant Year	05-0305FL5021, 05-0405FL5R21, and 05-0405FL5021
Finding Type	Material Noncompliance and Reportable Condition
Finding	Findings related to the Florida KidCare Program were included in two operational audit reports. Audit report No. 2006-046 Sited findings regarding monitoring issues and audit report No. 2006-072 Sited findings regarding eligibility issues. Findings in audit report No. 2006-046 related to deficiencies in FAHCA's monitoring of the Florida Healthy Kids Corporation (a non-profit component unit of the State), the Corporation's monitoring of its Third Party Administrator, hurricane-related premium waiver, and program income. Findings in audit report No. 2006-072 disclosed numerous eligibility issues at the Corporation. Twelve percent of the clients tested at the Corporation were determined to be ineligible for SCHIP subsidy. In addition, redeterminations were not conducted within established time frames for 15 percent of the clients tested.
State Agency Response and Corrective Action Plan	A separate agency response is not required. Agency responses were included in audit report Nos. 2006-046 and 2006-072.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-075
CFDA Number	93.917
Program Title	HIV Care Formula Grants (HIV)
Compliance Requirement	Cash Management
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	6 X07 HA 00057-13 2004
Finding Type	Reportable Condition Questioned Costs – \$740,029
Finding	FDOH requested excess funds totaling \$740,029 for the 2004 HIV Grant.
Criteria	State of Florida's Cash Management Improvement Act Agreement – Provides that draw amounts shall be the amount the State expects to disburse.
Condition	FDOH reported draws for the 2004 HIV Grant totaling \$108,466,527 on the March 2005 PSC-272 report (dated May 16, 2005) and reported expenditures totaling \$107,726,498 on the Department's final Financial Status Report (FSR) as of March 2005 (dated June 30, 2005). As a result, the grant was overdrawn by \$740,029. In response to our inquiries, FDOH personnel indicated that they are working within the Payment Management System (PMS) to adjust cash draws to reflect expenditures. The entries are anticipated to be reflected on the December 2005 PSC-272 report.
Cause	FDOH procedures were not adequate to ensure that draws did not exceed amounts expended.
Effect	FDOH requested and received funds in excess of that needed for expenditures.
Recommendation	We recommend that FDOH enhance procedures to ensure that draws do not exceed amounts expended.
State Agency Response and Corrective Action Plan	FDOH concurs with this finding. The expenditures on the final FSR for the 2004 HIV grant were adjusted to \$107,726,498 which resulted in excess cash of \$740,029 against the Letter of Credit draws for that grant year OCAs. It should be noted while this is true; it is also true that the overall cash draws as they relate to the Cash Management Improvement Act (CMIA) for the HIV grant program were well under the requirements of the law. Staff are working within the constraint of the Payment Management System (PMS) to adjust the draws in FLAIR and PMS. Cash adjusting entries will be made to FLAIR and PMS to account for expenditure adjustments that were made after the preliminary financial status report was submitted. The Letter of Credit Unit has been reorganized and procedures are being developed to ensure grant cash activities/draws do not exceed grant expenditures.
Agency Contact and Telephone Number	Gary Mahoney (850) 245-4919
Estimated Corrective Action Date	06/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-076
CFDA Number	93.917
Program Title	HIV Care Formula Grants
Compliance Requirement	Eligibility
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	6 X07HA00057 2005 and 2 X07HA00057 2006
Finding Type	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs – \$127,762
Finding	FDOH again failed to 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 ADAP Program Manual
Condition	<p>We reviewed records for 40 clients receiving AIDS Drug Assistance Program (ADAP) assistance that were enrolled or reenrolled in the Program during the 2004-05 fiscal year. For 14 of the 40 clients, FDOH did not have adequate documentation to support eligibility to receive ADAP benefits. These 14 clients received drug benefits valued at \$127,762 during the 2004-05 fiscal year. Specifically:</p> <ul style="list-style-type: none"> • For ten clients, FDOH was unable to provide adequate income documentation, such as pay stubs or self-declaration. • For six clients (three of which are included above for lack of income documentation), FDOH could not document that assets were less than \$25,000. • For one client, FDOH could not provide documentation that the client was HIV positive. <p>Similar instances were noted in prior audits, most recently audit report No. 2005-158, finding No. FA 04-077.</p>
Cause	The Program is administered on a decentralized basis at the county health departments where procedures for obtaining and retaining eligibility documentation were not always followed. For example, FDOH revised the enrollment forms in August 2004 to include a field to record asset information. However, we noted instances in which the revised forms were not utilized.
Effect	Drugs were issued to clients who may or did not meet eligibility requirements.
Recommendation	We recommend 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 clients determined to be ineligible.
State Agency Response and Corrective Action Plan	<p>The department will reinforce existing procedures related to documenting client eligibility for services as well as develop additional procedures and tools that will increase compliance with program standards.</p> <p>1) The Bureau of HIV/AIDS will develop a procedure that requires ADAP workers and their supervisors to review ADAP files every 6 months and attest, in writing, that all required documentation is in the client's file.</p>

2) The Bureau of HIV/AIDS will develop an Attestation Statement for the clients to sign confirming their total assets. The bureau will establish a procedure requiring the use of this statement.

3) The Bureau of HIV/AIDS will require counties to use an approved prior authorization process when prescriptions are issued or drugs dispensed by persons other than ADAP staff. This process will ensure that ADAP staff has the opportunity to review and update client files in a timely manner.

**Agency Contact and
Telephone Number**

Tom Liberti
(850) 245-4477

**Estimated Corrective
Action Date**

03/01/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-077
CFDA Number	93.917
Program Title	HIV Care Formula Grants
Compliance Requirement	Eligibility
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	6 X07HA00057 2005 and 2 X07HA00057 2006
Finding Type	Reportable Condition
Finding	FDOH had not established controls in conjunction with the AIDS Drug Assistance Program (ADAP) Database that would prevent the distribution of drugs to clients whose eligibility expired. As of June 30, 2005, the ADAP Database included records for 1,700 open, active clients whose eligibility periods had expired.
Criteria	FDOH ADAP Program Manual requires clients to be reenrolled every six months.
Condition	<p>FDOH had not implemented automated controls to prevent the distribution of drugs to individuals whose eligibility periods had expired. Additionally, FDOH did not have any automated reports that would identify patients with active prescriptions and expired eligibility periods. Of the 14,309 clients included in the ADAP database during the 2004-05 fiscal year, 1,700 (12 percent) had enrollment or reenrollment dates prior to January 1, 2004 (i.e., the eligibility period had expired from 1 to 12 months earlier).</p> <p>FDOH personnel indicated that they were aware of the deficiencies within the Database and have placed Change Order Requests to help resolve these issues. These requests, when implemented, will force a reenrollment if the client's last reenrollment date is five or more months old before any drug pickups can be entered into the database and to generate a report that will allow FDOH to identify the last date a patient picked up a drug.</p>
Cause	Appropriate system edits were not in place. County health department staff did not always adhere to specified policies and procedures.
Effect	Clients may have received ADAP assistance without properly being determined eligible for that assistance.
Recommendation	We recommend that FDOH ensure that the indicated Change Order Requests are implemented. Additionally, we recommend that FDOH monitor the number of clients that remain active after the end of their eligibility period and ensure that prompt actions are taken to reenroll the client or close the case as appropriate.
State Agency Response and Corrective Action Plan	<p>Many of the 1700 clients identified do not have current prescriptions associated with their files and therefore would not be dispensed medications. The department will pursue database enhancements that will identify case files that are overdue for re-enrollment. Additional programmatic guidance will be issued to reduce the number of open records overdue for re-enrollment or closure.</p> <ol style="list-style-type: none"> 1) The Bureau of HIV/AIDS will run monthly reports, by county, on the percentage of cases overdue for re-enrollment. 2) The Bureau of HIV/AIDS will notify county health departments when they have high overdue re-enrollment rates. The bureau will request that the county re-enroll clients or close out cases, as appropriate. 3) The Bureau of HIV/AIDS ADAP staff will provide technical assistance to counties with high overdue re-enrollment rates. The bureau will continue to include a review of re-enrollment records in its QI process.

4) The bureau will monitor the county's progress in meeting re-enrollment requirements.

**Agency Contact and
Telephone Number**

Tom Liberti
(850) 245-4477

**Estimated Corrective
Action Date**

03/01/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-078
CFDA Number	93.917
Program Title	HIV Care Formula Grants (HIV)
Compliance Requirement	Procurement and Suspension and Debarment, and Subrecipient Monitoring
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	6 X07HA00057-14 2005 and 2 X07HA00057-15 2006
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.
Criteria	<p>OMB Circular A-133, §___400(d) <i>Pass-through Entity Responsibilities</i> - 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 Federal agency.</p> <p>45 CFR 92.24 Matching - Costs claimed as match must be allowable under the assistance agreement.</p> <p>45 CFR 92.35 <i>Subawards to debarred and suspended parties</i> - 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.</p> <p>68 Federal Register 66547, November 26, 2003, Subpart C, ___.300 <i>Governmentwide Debarment and Suspension (Nonprocurement)</i> - 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 <i>Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Contracts/Subcontracts Instructions</i>)</p>
Condition	<p>We reviewed 15 HIV subrecipient contracts totaling \$15,143,431 to determine if FDOH had appropriately informed subrecipients of the information required by OMB Circular A-133. Our review disclosed:</p> <ul style="list-style-type: none"> • FDOH did not identify the CFDA title or the Federal agency in the 15 contacts reviewed. • Eight of the ten state matching contracts reviewed did not include the applicable CFDA number. Two of the contracts did not identify the funds as matching and one contract did not correctly identify the amount of matching funds provided. • FDOH did not obtain certifications of suspension and debarment from eight subrecipients (1 received Federal funds, 7 received state matching funds). <p>Similar instances were noted in audit report No. 2005-158, finding No. FA 04-078. Department personnel indicated that, as a result of the prior audit findings, the Department has made significant efforts to improve its contracting process. Specifically, the Department has modified the Federal Debarment and Suspension form to include state matching for Federal programs, and the Financial Compliance Audit Attachment Exhibit 1 to ensure that contracts are appropriately titled and coded.</p>

Cause	FDOH procedures were not adequate to ensure that all required information was included in applicable contracts. Additionally, 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 and State matching funds are used only for allowable purposes.
Recommendation	FDOH should continue their efforts to ensure that all subrecipients are informed of the applicable Federal information and requirements. FDOH should also ensure that debarment and suspension procedures include contractors receiving State matching funds.
State Agency Response and Corrective Action Plan	The FDOH Contract Administration revised the Debarment Statement to include contractors receiving state matching funds. In addition, the Bureau of HIV/AIDS revised its contract review checklist to ensure that this statement is included in contracts funded with state matching funds.
Agency Contact and Telephone Number	Tom Liberti (850) 245-4477
Estimated Corrective Action Date	Corrected

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-079
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 X07HA00057-14 2005 and 2 X07HA00057-15 2006
Finding Type	Reportable Condition
Finding	FDOH did not always sufficiently inform entities receiving Federal or State matching funds of 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 an entity 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 and State matching funding and compliance requirements, the documents do not adequately provide the means to notify entities as to whether the contract represents a subgrant 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 entity rather than FDOH. Our review of 15 HIV contracts disclosed that none included documentation of whether the contract represented a subgrant or vendor relationship. Similar instances were noted in audit report No. 2005-158, finding No. FA 04-038. The Department implemented a Federal Subrecipient and Vendor Determination Checklist in June 2005 that will be used for HIV contracts beginning in January 2006.
Cause	FDOH had not adequately designed standard contract attachments to identify whether the contract represents a subgrant or vendor relationship.
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 ensure that the Federal Subrecipient and Vendor Determination Checklist is used for all Federal or State matching funded contracts.
State Agency Response and Corrective Action Plan	The FDOH has implemented procedures that require the department to use the Federal Subrecipient and Vendor Determination Checklist for all contracts funded by federal or state matching funds. The Bureau of HIV/AIDS revised its checklist for reviewing contract documents. Using the revised checklist ensures that all contracts reference the correct CFDA number and list all applicable federal requirements. In addition, the Bureau of HIV/AIDS included the following language on the Exhibit 1 of all contracts funded with HIV/AIDS general revenue, "The Ryan White CARE Act has matching fund requirements for states with more than 1% of the aggregate number of national AIDS cases. For Florida, the matching fund requirement is \$1 in state HIV/AIDS contributions for every \$2 in the Title II grant. The general revenue funding for this contract is counted toward this requirement. As a result, all of the general revenue funding in this contract must be used for HIV/AIDS services."
Agency Contact and Telephone Number	Tom Liberti (850) 245-4477
Estimated Corrective Action Date	Corrected

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-080
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 and Unallowed
State Agency	Florida Department of Children and Family Services (FDCFS)
Federal Grant/Contract Number and Grant Year	04B1FLSAPT-05 2003-05 and 05B1FLSAPT-03 2004-06
Finding Type	Reportable Condition Questioned Costs – \$139,333.11
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)
Condition	FDCFS subgranted funds to a for-profit entity totaling \$139,333.11. For-profit entities are not eligible to receive subgrants under this program. Subsequent to audit inquiry, the FDCFS replaced the Federal funding with State moneys. Similar findings were noted in previous audit reports most recently in audit report No. 2005-158, finding No. FA 04-080.
Cause	FDCFS intended to pay the for-profit from State funds, however the payments were incorrectly coded as SAPT funds.
Effect	SAPT funds were inappropriately used to provide financial assistance to an unallowed organization.
Recommendation	We recommend that FDCFS ensure that only public or non-profit entities receive SAPT financial assistance and FDCFS ensure that payments are properly coded and recorded.
State Agency Response and Corrective Action Plan	In SFY 2003-04, the Substance Abuse Program Office created several OCAs [other cost accumulators] to properly allocate SAPT block grant funds totaling \$9,044,205. Two of these OCAs were ADDEX and CHDEX. The Chart 8 accurately defined the source of funding as federal block grant. In the subsequent state fiscal year 2004-05, the SAPT block grant funding was replaced with \$4,100,000 General Revenue funds for children; and \$4,922,045 General Revenue for adults. The total funding was reduced by \$22,160. The same OCAs ADDEX and CHDEX were used to allocate the funds. The Chart 8 definitions were not changed to reflect the different funding source. The FY 2004-05 Annual Operating Budget for these two OCAs listed General Revenue as the source of funding, as listed in the corresponding GAA. Alternately, the Chart 8 definitions showed federal block grant. Therefore, the questioned expenditures \$139,333.11 were in fact general revenue, but inaccurately coded as block grant expenditures and reflected in federal reports. Revenue Management staff has made manual adjustments in GRANTS [Grants and Other Revenue Allocation and Tracking System] of the earnings assigned to the SAPT block grant in SFY 2004-2005 and the first quarter of SFY 2005-2006. Revenue Management staff will also revise the federal report removing these expenditures; and resubmit it.

Lastly, the staff will make corrections to the Chart 8 definitions of the two referenced OCAs to match the current Annual Operating Budget.

To avoid this error in the future, Substance Abuse Program Office Budget and Revenue Management staff will meet annually (prior to beginning of the new fiscal year) to review the Annual Operating Budget, OCAs and Chart 8 definitions to ensure accuracy.

**Agency Contact and
Telephone Number**
**Estimated Corrective
Action Date**

Stephenie Colston
(850) 921-8495
April 30, 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-081
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	Reportable Condition Questioned Costs – \$7,594.19
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 8d., <i>Fringe Benefits</i>
Condition	<p>Our review disclosed that payments totaling \$7,594.19 for unused leave were made to employees during the 2004-05 fiscal year and charged as a direct cost to three Federal programs. Direct charges to Federal programs for unused leave during the 2004-05 fiscal year were as follows:</p> <ul style="list-style-type: none"> • State Domestic Preparedness Equipment Support Program Grants CFDA No. 97.004 (\$4,535.23) for Federal Grant Number 2003-TE-TX-0177. • Community Assistance Program State Support Services Element Grants CFDA No. 97.023 (\$443.14) for Federal Grant Number EMA-2005-GR-5201. • Disaster Grants - Public Assistance (Presidentially Declared Disasters) CFDA No. 97.036 (\$2,615.82) for Federal Grant Numbers 1300-DR-FL, 1306-DR-FL, 1344-DR-FL, 1345-DR-FL, 1381-DR-FL, 1393-DR-FL, 1481-DR-FL. <p>A similar finding was noted in audit report No. 2005-158, finding No. FA 04-082.</p>
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 employee leave.
Recommendation	We again recommend that 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 FDCA reimburse the programs listed above for the charges related to unused leave payments.
State Agency Response and Corrective Action Plan	We have thoroughly reviewed this recommendation and will be initiating the appropriate changes in our agency's Indirect Cost Plan to fulfill the OMB requirement effective July 1, 2007. During the period between now and July 2007, the management and staff in our Finance and Accounting Section will prepare the necessary accounting procedures and processes to accomplish the change outlined in the recommendation. The complexity and variety of federal funds received in the department and the multiple funding sources for many of our positions (including the various hurricane events from 2004 and 2005) will result in a significant increase in workload within Finance and Accounting. The staff in our Budget Section will also review and prepare the processes necessary such that appropriate budget authority is available, if needed, when leave payments are charged as a general administrative expense.

**Agency Contact and
Telephone Number**

Janice Browing, Chief of Staff
(850) 488-8466

**Estimated Corrective
Action Date**

July 1, 2007

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-082
CFDA Number	97.004
Program Title	State Domestic Preparedness Equipment Support Program (SDPESP)
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, 2003-TE-TX-0177, and 2004-GE-T4-0010
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 SDPESP funds.
Criteria	28 CFR 66.20, <i>Standards for Financial Management Systems</i> ; 28 CFR 66.32, <i>Equipment</i> ; Florida Auditor General Rule 10.300, <i>State-Owned Tangible Personal Property</i>
Condition	<p>Our test of five equipment items totaling \$19,266.10, purchased with SDPESP funds in the 2004-05 fiscal year, disclosed the following:</p> <ul style="list-style-type: none"> • Five items totaling \$19,266.10 were not recorded in the FLAIR Property Subsystem. • One item, upon physical inspection, did not have a FDCA property tag. <p>Our follow-up on a similar finding in audit report No. 2005-158, finding No. FA 04-083 noted problems with four equipment items totaling \$60,171.48, discussed in that report. Specifically:</p> <ul style="list-style-type: none"> • One item for \$5,753.20 still had not been recorded in the property records. • One item for \$38,584.28 remained improperly recorded in the property records at \$77,463.38 (approximately twice its cost). • Three items posted to FDCA property records (in the 2004-05 fiscal year) totaling \$54,418.28 did not have required information, such as acquisition cost, acquisition date, grant number, or voucher number, to identify the items in the FLAIR property records.
Cause	FDCA procedures for recording equipment purchases were not followed.
Effect	Failure to properly record FDCA property limits management's ability to ensure that assets are used for authorized purposes and additionally, that grantor requirements are considered if the assets are subsequently sold or used for other than SDPESP purposes.
Recommendation	We recommend that the FDCA follow established procedures for recording equipment to ensure that all equipment purchased with SDPESP funds and retained by the FDCA is properly identified and recorded in the FLAIR Property Subsystem.
State Agency Response and Corrective Action Plan	<p>1. The 5 items not recorded are now in the property system. 2. The untagged item is now tagged. 3. This item is in the system (CA004910). 4. The improperly recorded amount has been corrected. 5. The three items are being updated to reflect the current information needed.</p> <p>We are attempting to follow our own procedures and supervisor to perform spot checks of property to ensure up to date information is being added when necessary.</p>

**Agency Contact and
Telephone Number**

David Perrin
(850) 922-1717

**Estimated Corrective
Action Date**

March 15, 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-083
CFDA Number	97.004
Program Title	State Domestic Preparedness Equipment Support Program (SDPESP)
Compliance Requirement	Subrecipient Monitoring
State Agency	Florida Department of Community Affairs (FDCA)
Federal Grant/Contract Number and Grant Year	2003-TE-TX-0177, 2003-MU-T3-0032, and 2004-GE-T4-0010
Finding Type	Material Noncompliance and Reportable Condition
Finding	FDCA did not always execute appropriate agreements with subrecipients which included all required award information. Additionally, FDCA did not implement adequate procedures for monitoring subrecipients.
Criteria	OMB Circular A-133, §___.400(d)(3), <i>Pass-through Entity Responsibilities</i> ; 28 CFR 66.32, <i>Equipment</i> , 28 CFR 66.40, <i>Monitoring and Reporting Program Performance</i>
Condition	<p>We reviewed subrecipients for whom 41 equipment distributions, totaling \$3,400,015, were purchased during the 2004-05 fiscal year. As of February 2006, FDCA had fully executed agreements with only 14 of the 41 subrecipients. Of these, 3 agreements were executed from 7 to 13 months after FDCA had paid for the equipment. FDCA personnel indicated that 3 other agreements have been developed but not yet fully executed.</p> <p>An additional review of subrecipient agreements disclosed the following:</p> <ul style="list-style-type: none"> • Incorrect or incomplete information related to the CFDA number or Federal agency name was provided to 6 subrecipients. • The memorandum of understanding (MOUs) executed for 8 subrecipients did not contain the CFDA number or address audit requirements for Federal awards. <p>FDCA had not implemented procedures to monitor subrecipients, including obtaining annual reports demonstrating subrecipient participation in required regional training events and exercises or terrorist event simulations.</p> <p>In response to our audit inquiry, FDCA personnel initiated a review and reconciliation effort of the equipment purchased and the related subrecipient agreement files. Additionally, FDCA personnel indicated that monitoring of equipment covered by MOUs occurred through anecdotal evidence of usage during actual events and exercises as well as site visits and communication with subrecipients. However, FDCA personnel acknowledged that file documentation of such activities had not always been noted.</p> <p>A similar finding was noted in audit report No. 2005-158, finding No. FA 04-084.</p>
Cause	FDCA had not completed a reconciliation of distributed equipment to its records to ensure that agreements with the subrecipients were executed. FDCA personnel also agreed that the memorandum of understanding implemented in July 2005 needed to be revised to include necessary language. Additionally, FDCA had not developed formal monitoring procedures to ensure that equipment distributed to subrecipients was properly accounted for and utilized for Program purposes.
Effect	Absent adequate monitoring of equipment distributed to subrecipients, FDCA has limited assurance that the equipment is properly accounted for, utilized, and maintained so that it will be functional and available for use. In addition, without monitoring procedures, FDCA has limited assurance that subrecipients have fulfilled SDPESP requirements. When pass-through agencies fail to provide

subrecipients with the information required by OMB Circular A-133, assurance that awards will be expended, accounted for, and audited in compliance with the applicable Federal requirements is reduced.

Recommendation

We continue to recommend that FDCA implement adequate procedures for monitoring subrecipients to ensure that equipment is properly accounted for and utilized in accordance with SDPESP requirements. We also recommend that FDCA enhance efforts to ensure that all Federal subrecipients are informed of applicable Federal information and requirements, including completion of a reconciliation of distributed equipment to agreements.

State Agency Response and Corrective Action Plan

The FDCA recognizes the desirability of having appropriate and timely documentation of equipment which has been purchased by the Department and provided to the subrecipient entities throughout the state. We also recognize the need for an appropriate level of monitoring of that equipment. Toward that end, Memoranda of Understanding were developed with the multiple recipient entities to cover bulk equipment purchases made by the Department and the subsequent distribution of that equipment.

Of the 31 items listed on the auditor's spreadsheet, 3 actually have executed agreements in place, and 3 more subrecipients have received, but have not returned their agreements. Twenty-three of the remaining 25 relate to a single item covered by one bid solicitation - 23 custom EMS tow vehicles valued at \$63,500 each. (The invoice for 13 of these vehicles incorrectly refers to them as trailers.) These vehicles were originally to be provided to the FDOH [Florida Department of Health] for distribution to the appropriate local EMS entities. Legal concerns from FDOH resulted in considerable time delays and subsequently their refusal to handle the vehicles, resulting in the FDCA's need to coordinate with the 23 subrecipients individually.

FDCA concurs with the finding relating to monitoring and will ensure more complete documentation in the agreement files relating to the equipment's status and use. The FDCA is currently incorporating into the MOU agreement template used for this purpose the recommendations cited in this audit relating to the CFDA references and federal audit requirements. A Subrecipient Monitoring Procedure is in draft form and will be implemented upon concurrence among the relevant parties within FDCA, with input from FDHS. Once the monitoring procedure has been determined, relevant language will be included in the revised MOU, and each of the remaining 27 subrecipients will be provided with the agreed upon MOU.

It is relevant to note that these equipment payments and resulting MOU requirements occurred during the months of, and immediately following, the 2004 hurricane season when FDCA staff who are responsible for the DHS funds/activities covered by this audit were responding to four federally-declared disasters. The FDCA will continue to make every effort to ensure an appropriate level of accountability for the equipment purchases provided to subrecipients.

Agency Contact and Telephone Number

Suzanne Adams
(850) 413-9934

Estimated Corrective Action Date

September 1, 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-084
CFDA Number	97.036
Program Title	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
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	Final inspections were not completed on a significant number of large Public Assistance (PA) projects as of November 2005.
Criteria	44 CFR 13.40 – Monitoring and reporting program performance
Condition	FDCA records indicated there were 347 PA projects, each exceeding \$54,000, that were awaiting final inspection as of November 29, 2005. PA projects usually involve cities, counties, other local governmental units, and not-for profit entities.
Cause	FDCA personnel said that because of recent events (hurricanes) and staffing delays, they had been able to address less than one percent of the final inspections requested by the applicants.
Effect	Final inspections are necessary to document that large PA projects are completed in accordance with the project applications and that the funds were spent for intended purposes of the project.
Recommendation	We recommend that FDCA take steps to complete the final inspections. Additionally, we recommend FDCA implement procedures to ensure that future final inspections are completed in a timely manner.
State Agency Response and Corrective Action Plan	<p>The State Public Assistance Officer has delegated the responsibility for large Public Assistance project final inspections to the Lead Deputy Public Assistance Officer (DPAO) in the Long Term Recovery Office (LTRO) in Orlando, Florida. The lead DPAO will be assisted by a DPAO for the Panhandle Area of Responsibility (AOR), Central AOR and Southwest AOR. Each of these DPAOs will, in conjunction with their FEMA [Federal Emergency Management Agency] counterparts, supervise Final Inspection teams. Currently, 5 teams have been formed in the Panhandle AOR, and 5 in the Central AOR. To better address the workload, the Central AOR will be increased to 15 teams, and 5 additional teams will be formed in the Southwest AOR with the phasing down of the Hurricane Wilma project formulation activities. Each team consists of at least one State Public Assistance Coordinator (PAC) and a FEMA Closeout Specialist.</p> <p>A Public Assistance Closeout Process document adhering to the guidance as set forth in 44 CFR and the State Administrative Plan has been developed and distributed to each Final Inspection Team. This document outlines the Closeout Process, Standard Operating Procedures, material requirements, and Applicant, State and FEMA responsibilities. Training for the Final Inspection teams has been conducted on the Public Assistance Closeout Process and the Joint Tool Kit.</p> <p>State Public Assistance Coordinators are contacting all applicants with Requests for Final Inspection on file and setting up appointments to explain the Final Inspection Process and the applicant's responsibility. At the same time, they are also scheduling individual project Final Inspections. Current status is as follows: 40 Final Inspections complete, and 21 Final Inspections are in progress.</p> <p>The plan addressed above has not yet been successfully implemented due to the lack of staff. Hurricanes Katrina and Wilma required the State and federal staff</p>

who would otherwise perform Final Inspections to be redirected to the new disasters. There are identified on the State Management Administrative Cost (SMAC) Project Worksheets (PWs) 5 Public Assistance Coordinators (PACs) and 24 PACs for Hurricane Wilma. This SMAC PW requires two levels of FEMA headquarters review, the million dollar queue and a special SMAC review. These reviews are not done concurrently, but sequentially. DEM [Division of Emergency Management] will not be able to add these staff until the SMAC PW is approved by FEMA.

We have had a deficit of 29 staff since Hurricane Wilma impacted the state. FEMA estimates that each of their close-out staff can average two Final Inspections per week. We believe this is a conservative estimate, however the State's PACs have other duties and the new ones will be inexperienced, so this average will likely not be exceeded for the first four months. Had the State received timely approval for the 29 needed staff, an additional 290 Final Inspections could have been performed during the last five months.

Agency Contact and Telephone Number

Charles Shinkle, Lead Deputy Public Assistance Officer
(407) 858-2828

Estimated Corrective Action Date

May 1, 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-085
CFDA Number	97.039
Program Title	Hazard Mitigation Grant Program (HMGP)
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Community Affairs (FDCA)
Federal Grant/Contract Number and Grant Year	FEMA 1249-DR-FL
Finding Type	Material Noncompliance Questioned Costs – \$102,592.99
Finding	FDCA paid for costs not allowable for the HMGP.
Criteria	OMB Circular A-122
Condition	As part of our review of 43 HMGP payments, we identified 2 payments made to a subrecipient for disallowed costs. The subrecipient included on the <i>Request for Advance or Reimbursement of Hazard Mitigation Grant Program Funds</i> forms, matching funds applicable to another program, totaling \$102,517.43 and meals, totaling \$75.56. These disallowed costs were not detected as part of the review and approval of these requests, and were paid by the HMGP.
Cause	In response to our inquiries, FDCA explained that these payments were made in error. The volume of documentation provided by the subrecipient for these payments may have contributed to the oversight of the disallowed costs. FDCA personnel also indicated that additional payments to this subrecipient will not be made until the overpayment is repaid.
Effect	Unallowable payments of HMGP funds were made.
Recommendation	We recommend that FDCA exercise care to ensure that all HMGP payments are sufficiently reviewed to prevent payments for disallowed costs. Additionally, we recommend that FDCA continue to take actions to obtain reimbursement for the overpayment.
State Agency Response and Corrective Action Plan	<p>The Mitigation Section has reviewed the Audit Finding concerning questionable cost paid to a subgrantee. We concur with the finding and have instituted the following corrective action.</p> <p>The Mitigation Staff, by March 10, 2006 will prepare a letter to the subgrantee requesting repayment in the sum of \$102,592.99 for disallowable cost that was paid to the subgrantee in error. These cost include \$102,517.43 that represented the non-federal match share of the project and \$75.56 for meals. The Mitigation Staff will request that referenced funds be returned to FDCA by July 14, 2006.</p> <p>The HMGP current Standard Operating Guidelines provides that payments will not be processed unless they have all appropriate review and concurrence as demonstrated by a reviewer's respective initials or signature. This serves as a system of checks and balances. However, in the case of this grant all appropriate initials and signatures were not secured and disallowable cost were processed. In response, no future request for reimbursements will be processed unless all appropriate initials and signatures are obtained.</p>
Agency Contact and Telephone Number	Leroy Thompson, Community Program Administrator (850) 413-9816
Estimated Corrective Action Date	July 14, 2006

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number	FA 05-086
CFDA Number	97.039
Program Title	Hazard Mitigation Grant Program (HMGP)
Compliance Requirement	Reporting
State Agency	Florida Department of Community Affairs (FDCA)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	Required reports were not always accurate and properly supported.
Criteria	44 CFR 13.20(b)(1); Section 13, Hazard Mitigation Grant Program Desk Reference)
Condition	<p>As part of our tests, we reviewed the Financial Status Reports (FSR) for three grants, for the period April 1, 2005, through June 30, 2005. Our tests disclosed the following:</p> <ul style="list-style-type: none"> • The recipient share outlays included global matching amounts, totaling approximately \$19.5 million, or 82 percent, which were not reconciled to appropriate records. FDCA did not compile appropriate records to support the global match portion of the recipient share outlays included on the reports. Instead, the reported amounts were based on the calculated matching requirements. • The Federal share of expenditures for one grant was overstated by \$334,092.19, or 2 percent, while another grant was understated by the same amount, or 18 percent.
Cause	FDCA personnel explained that when the global match is not provided by the State, the recipient share outlay is calculated based on the required matching percentage. Additionally, expenditures were incorrectly reported under a different grant due to an oversight. The appropriate approvals had been received to charge these costs to another grant.
Effect	The failure to provide reports that are accurate and fully supported may limit the ability of the USDHS to properly administer the HMGP.
Recommendation	We recommend that FDCA strengthen its compilation and review procedures applicable to FSRs to ensure that all reports are accurate and fully supported by appropriate accounting records.
State Agency Response and Corrective Action Plan	The HMGP has developed a tracking form that will be shared with Finance and Accounting to provide a more detailed account of actual global match projects and the associated HMGP contract for which they provide match. The tracking form will provide updated information and the appropriate support documentation for the Financial Status Reports. Additionally, HMGP staff has conferred with Finance and Accounting regarding the reporting of disaster 1300 (Floyd) on Financial Status Report with disaster 1306 (Irene). It has been mutually agreed that beginning April 2006, a separate report will be filed for each disaster.
Agency Contact and Telephone Number	Leroy Thompson, Community Program Administrator (850) 413-9816
Estimated Corrective Action Date	April 30, 2006

U.S. DEPARTMENT OF THE TREASURY

Finding Number	FA 05-087
Compliance Requirement	Cash Management
State Agency	Florida Department of Financial Services (FDFS)
Finding Type	Reportable Condition
Finding	FDFS incorrectly reported the interest liability owed to the Federal Government for the 2003-04 fiscal year.
Criteria	31 CFR 205.19 requires the State (FDFS) to calculate the annual State interest liability for each Federal assistance program included in the Cash Management Improvement Act (CMIA) and pay interest on funds awarded by the Federal Government.
Condition	FDFS is responsible for the annual payment of interest liability owed to the Federal Government pursuant to the CMIA. Interest liability of approximately \$39,000 calculated for CFDA 93.767, State Children's Insurance Program, was not included in the interest liability amount in the annual report or in the annual payment to the Federal Government for the 2003-04 fiscal year.
Cause	Procedures were not in place to ensure the total amount of interest liability owed to the Federal Government was paid.
Effect	FDFS underpaid by approximately \$39,000 the amount of interest due to the Federal Government.
Recommendation	We recommend that FDFS develop written policies and procedures to ensure proper payment of interest liability owed to the Federal Government and adjust future payments for the amount of the underpayment in the 2003-04 fiscal year.
State Agency Response and Corrective Action Plan	We concur. FDFS will implement written procedures and make the recommended adjustments.
Agency Contact and Telephone Number	Terry Straub (850) 413-2783
Estimated Corrective Action Date	March 2006

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**STATE UNIVERSITIES AND COMMUNITY COLLEGES
SUMMARY OF QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2005**

Compliance Requirement/ Institutions	Total Questioned Costs	Questioned Costs Restored	Net Questioned Costs
Student Financial Assistance Cluster			
CASH MANAGEMENT - Finding No. FA 05-089			
Prohibition on Escheating of Title IV Funds:			
Florida Agricultural and Mechanical University	\$ 39,335	-	\$ 39,335
Florida Atlantic University	32,813	4,659	28,154
Florida International University	26,736	-	26,736
Florida Gulf Coast University	4,030	-	4,030
Florida State University	unknown	-	unknown
University of Central Florida	4,789	4,789	-
University Florida	6,186	6,186	-
University of North Florida	18,924	-	18,924
Broward Community College	9,504	-	9,504
Florida Community College at Jacksonville	10,152	-	10,152
Gulf Coast Community College	470	-	470
Hillsborough Community College	7,365	7,365	-
Lake-Sumter Community College	1,750	1,750	-
Miami Dade College	21,574	2,057	19,517
Okaloosa-Walton College	7,095	7,095	-
Palm Beach Community College	24,306	-	24,306
Pasco Hernando Community College	11,704	-	11,704
Polk Community College	1,865	-	1,865
South Florida Community College	3,824	-	3,824
Valencia Community College	12,545	12,545	-
Total	244,967	46,446	198,521
ELIGIBILITY - Finding Nos. FA 05-096 and FA 05-097			
Overawards:			
Florida Agricultural and Mechanical University	20,945	-	\$ 20,945
Florida Community College at Jacksonville	17,540	-	17,540
Total	38,485	-	38,485
SPECIAL TESTS AND PROVISIONS - Finding No. FA 05-102			
Return of Title IV HEA Funds (Official Withdrawals):			
Florida Agricultural and Mechanical University	7,593	-	7,593
Florida International University	6,018	6,018	-
Florida Community College at Jacksonville	770	770	-
Hillsborough Community College	1,990	1,990	-
Okaloosa-Walton College	430	-	430
Palm Beach Community College	1,346	543	803
Polk Community College	2,009	2,009	-
St. Petersburg College	1,355	1,297	58
Santa Fe Community College	561	-	561
Seminole Community College	5,880	4,620	1,260
Tallahassee Community College	705	705	-
Total	28,657	17,952	10,705
SPECIAL TESTS AND PROVISIONS - Finding No. FA 05-103			
Return of Title IV HEA Funds (Unofficial Withdrawals):			
Florida Agricultural and Mechanical University	5,221	-	5,221
Florida International University	11,105	6,365	4,740
Florida State University	26,530	26,530	-
Okaloosa-Walton College	969	445	524
Palm Beach Community College	48	-	48
St. Petersburg College	2,760	2,760	-
Santa Fe Community College	667	-	667
Seminole Community College	1,050	-	1,050
Total	48,350	36,100	12,250
SPECIAL TESTS AND PROVISIONS - Finding No. FA 05-104			
Non Attendance:			
Florida Agricultural and Mechanical University	11,702	-	11,702
Florida Atlantic University	9,770	9,770	-
University of Central Florida	16,147	-	16,147
	37,619	9,770	27,849
Total (SFA)	\$ 398,078	\$ 110,268	\$ 287,810

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-088
CFDA Number	84.007, 84.033, 84.038, 84.063, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grant (FSEOG) Federal Work-Study (FWS) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management, Eligibility, Reporting, and Special Tests and Provisions
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution is not administering the Title IV Higher Education Act (HEA) Federal programs in compliance with the Standards of Administrative Capability. A similar finding was noted in audit report No. 2005-158, finding No. 04-089.
Criteria	34 CFR 668.16 Federal regulations require that for an institution to continue to participate in any Title IV HEA program, the institution must demonstrate to the Secretary of the U.S. Department of Education (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: <ul style="list-style-type: none"> • 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; and • Establishing and maintaining records required by regulations and the program.
Condition	The institution disbursed approximately \$90 million from the Title IV HEA programs listed above during the 2004-05 fiscal year. The institution reported on the 2004-2005 Fiscal Operations Report and Application to Participate (FISAP) that of the 14,605 students enrolled, 11,494 (79 percent) were students reported as eligible aid applicants. We have 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: <ul style="list-style-type: none"> • Outstanding stale-dated checks containing Title IV HEA funds were not identified and returned to the applicable programs. (FA 05-089) • The lack of adequate and complete reconciliations of the institution's program accounts to Federal records for drawdowns and disbursement; reconciliations of the institution's program account cash balances with the bank statements; and reconciliations of FWS payroll expenditures processed and disbursed on

the previous accounting and records system (FLAIR), to the journal entries recorded in the institution's new accounting and records system. (FA 05-090)

- Excess cash balances (greater than \$1 million) remained in the FDSL program account for 3 months. (FA 05-094)
- The institution's interest allocation method did not calculate the interest earned on FPL cash balances during the fiscal period. (FA 05-095)
- The institution did not always properly calculate the Cost of Attendance (COA) budgets used to make awards; overpaid Pell grant award amounts; did not recalculate a Pell grant award for an enrollment status change; awarded loans over the aggregate loan limit; awarded an ineligible student whose attendance was not documented; and did not pay a student the full-time Pell grant award for which the student was entitled. (FA 05-096)
- The 2004-05 fiscal year FISAP report was not adequately supported by the institution's accounting records or other documentation. (FA 05-098)
- Return of Title IV HEA funds for students who officially and unofficially withdrew from the institution were not returned to the applicable program accounts. (FA 05-102 and 103)

Cause

These deficiencies have many causes as discussed under the various findings of this report. For illustration, some of the causes for these deficiencies are:

- Implementation problems related to the institution's new accounting and records system.
- Because of the implementation of the new accounting and records system during the 2004-05 fiscal year, manual overrides, without supervisory review, were frequently used to disburse Title IV HEA funds.
- The institution's financial aid office appears to be understaffed. Of the 39 public institutions of higher education in the State of Florida, FAMU administers the 7th largest volume of Title IV HEA funds; however, it ranks only 19th as far as the number of financial aid employees. Further, FAMU's staff workload ratio of the amount of Title IV HEA expenditures per employee (i.e., the total Title IV HEA program expenditures divided by the total number of financial aid employees) was the highest of the 39 institutions, and the staff workload ratios of the six institutions that administer more Title IV HEA funds than FAMU were 32 to 55 percent less than FAMU's ratio.
- The institution experienced numerous changes in high-level administrators during the 2004-05 fiscal year. As a result of staff vacancies, temporary assignments and the use of consultants to provide staff support in key operational areas was required to perform daily operations.
- Turnover in personnel resulted in the loss of institutional knowledge. Newly staffed positions, such as the Special Assistant hired to oversee Student Financial Aid and Student Accounts and an Interim Director of Student Financial Aid, were not in place long enough during the 2004-05 fiscal year to allow for the assessment and implementation of program changes to ensure compliance with Federal regulations.

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 Regulation.

Recommendation	The institution should continue its efforts to review the administration and delivery processes and make appropriate changes to meet the administrative capability standards of the Title IV HEA programs. The institution should also ensure that adequate resources, including a sufficient number of staff, are allocated for the administration of Title IV HEA programs.
FAMU Response and Corrective Action Plan	The institution agrees with this finding and offers the following corrective action plan. Over the last twelve months the institution has engaged the services of a new leadership and management team within the student financial aid and general fiscal administration/management areas. This new leadership has been involved in an in-depth assessment/review of the current administrative policies and procedures that relate to the appropriate administration of the Title IV HEA programs and has made the necessary changes to ensure that these programs are administered appropriately in the future. The institution has recently engaged the services of a new Director of Student Financial Aid, who brings over 30 years of progressive experience, in the administration of Title IV HEA programs and has made an additional commitment to provide the necessary resources to increase not only the size of the current staff but also the expertise and knowledge base of that staff. Additional restructuring and re-staffing has also taken place within the offices of the University Comptroller as well as the Student Financial Services area. These changes, along with the infusion of a stable resource funding base, have enabled the institution to position itself so it presently has the administrative capabilities to administer the Title IV HEA programs in a manner consistent with program regulations and guidelines.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	February 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-089
CFDA Number	84.007, 84.032, 84.033, 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 Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management – Prohibition on Escheating of Title IV Higher Education Act (HEA) Funds
State Educational Entity	Various
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - \$244,967 (\$3,913 FSEOG, \$7 FWS, \$103,642 PELL, \$94,060 FFEL, and \$43,345 FDSL)
Finding	We noted that 20 institutions had not established adequate procedures to prevent Federal Title IV HEA funds from escheating to a third party, State, or institutional coffers. 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, and in some instances checks were reissued during subsequent award years.
Criteria	34 CFR 668 Subpart K and FSA Handbook Volume 4 Chapter 3 (2004-05) According to the U.S. Department of Education (USED), 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.
Condition	<u>Florida Agricultural and Mechanical University (FAMU)</u> The institution records outstanding checks greater than 90 days on a stale-dated check list. The institution maintains two lists of outstanding stale-dated checks; one list is for stale-dated checks recorded on the prior accounting system, which as of June 30, 2004, had a balance of \$433,584; and the other list is for cumulative stale-dated checks from transactions occurring since the institution’s new accounting and records system was implemented on July 1, 2004. The new system listed 441 stale-dated checks totaling \$333,220 as of August 18, 2005. For 17 of 20 stale-dated checks tested from the new list that contained Title IV HEA funds, we noted the following: <ul style="list-style-type: none"> • Seven checks had been voided, and the entry in the accounting records reversed, and a new check issued; however the listing continued to include these checks when they should have been removed. One of the 7 checks was not completely reversed in the accounting records, leaving a balance of \$5,645 (FDSL unsubsidized) to be returned. • Ten checks totaling \$33,690 (\$18,558 FDSL subsidized, \$11,157 FDSL unsubsidized, and \$3,975 FDSL PLUS), were not returned to the program. A similar finding was noted in audit report No. 2005-158, finding FA No. 04-092.

Cause	The institution has not implemented adequate procedures to identify the funding source of stale-dated checks and return the funds to the programs.
Recommendation	The institution should implement procedures to timely identify stale-dated checks containing 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 (currently 90 days at the institution). Additionally, the institution should return \$39,335 (\$18,558 FDSL subsidized, \$16,802 FDSL unsubsidized, and \$3,975 FDSL PLUS) to the program. The institution should also determine the amount of Title IV HEA funds included in the \$433,584 and \$333,220 stale-dated check lists and return the funds to the applicable Federal programs.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The institution will take immediate steps to ensure that within thirty days the \$39,335 in FDSL subsidized, \$16,802 in FDSL unsubsidized and \$3,975 in FDSL PLUS funds that have been previously identified are returned to the appropriate Title IV HEA program accounts and that these changes are reflected within COD. The institution has already begun a complete review of the listing of stale-dated checks in the amount of \$433,584 for the year ending June 30, 2004, and \$333,220 as of August 18, 2005. This review will follow the current regulatory procedures in place for the disposition of these matters (i.e., certified letters to last known addresses, telephone calls to most recently available numbers, etc). The institution will complete this review within the next ninety days and will provide a detailed report indicating either the delivery of these funds to the eligible student/parent recipients or the return of these funds to the appropriate Title IV HEA programs. As part of its on-going effort to make substantial improvements in its administrative management of this process, the institution has adopted a new procedure effective February 6, 2006, to ensure the appropriate management of this matter in the future. This procedure is available upon request.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	February 6, 2006
	<u>Florida Atlantic University (FAU)</u>
Condition	<p>The institution had implemented procedures to prevent Title IV HEA funds from escheating to a third party. However, our test of 15 unnegotiated stale-dated checks containing Title IV HEA funds, included on the institution's outstanding check list as of June 30, 2005, disclosed the following:</p> <ul style="list-style-type: none"> • 1 of the 15 checks for \$1,560 (FFEL unsubsidized) was returned to the lender 229 days late. • 1 of the 15 checks for \$600 (PELL) was reissued in a subsequent award year to the student 205 days past the date it ceased to be negotiable. • 2 of the 15 checks totaling \$3,099 (\$492 FFEL subsidized and \$2,607 FFEL unsubsidized) were reissued to students 30 and 113 days after they ceased to be negotiable in the same award period in which they were originally issued. • 11 of the 15 checks totaling \$27,554 (\$9,208 FFEL subsidized, \$17,610 FFEL unsubsidized, and \$736 PELL) were not reissued to the students or returned to the programs or lenders, as of September 26, 2005. These checks were issued between July 13, 2004, and January 28, 2005. By

February 22, 2006, subsequent to audit inquiry, the 11 checks had been reissued or returned to the students, programs, or lenders.

Cause The institution did not have adequate procedures to timely identify and return stale-dated net checks containing Title IV HEA funds.

Recommendation The institution should enhance its procedures to allow for the timely identification and return of Title IV HEA funds before those funds would otherwise escheat, or no later than the date a check to those students would cease to be negotiable (currently 180 days at the institution). The institution should also return \$28,154 (\$9,208 FFEL subsidized, \$17,610 FFEL unsubsidized, and \$1,336 PELL) to the applicable Federal programs and lenders.

FAU Response and Corrective Action Plan The University has refined the established procedures for identifying, segregating and monitoring stale dated checks. We will make sure that timely remitting of Title IV funds are sent to the appropriate agencies to assure compliance with the law.

FAU Contact and Telephone Number Stacey Semmel, Controller
(561) 297-3102

Estimated Corrective Action Date February 28, 2006

Florida Gulf Coast University (FGCU)

Condition From the institution's list of unnegotiated stale-dated checks, we determined that 2 of 20 checks tested containing Title IV HEA funds had not been returned to the applicable programs. An FFEL PLUS loan check for \$2,412 was still outstanding as of January 18, 2006 (328 days after issuance). Another check for \$1,618 (\$99 FSEOG and \$1,519 PELL) remained outstanding for 286 days until it was reissued to the student and cashed in a subsequent award year. The reissued check was cashed by the student; however, the institution should have returned the funds to the applicable lenders and programs once the checks ceased to be negotiable.

Cause The institution had not established adequate procedures to timely identify stale-dated checks containing Title IV HEA funds and return the funds to the applicable lenders and programs.

Recommendation The institution should enhance its procedures to identify Title IV HEA funds credit balances accumulating in their accounts and return those funds to the Title IV HEA lenders and programs before the date the funds would otherwise escheat, or no later than a few days after the date a check to the student would cease to be negotiable (currently 180 days at the institution). In addition, the institution should return the \$4,030 (\$99 FSEOG, \$2,412 FFEL PLUS, and \$1,519 PELL) to the appropriate lenders and programs.

FGCU Response and Corrective Action Plan The University agrees that Title IV funds should be returned to applicable lenders and programs rather than escheat to the State. Consequently, it has implemented comprehensive procedures for handling outstanding checks regardless of the funds source to ensure compliance with Title IV HEA requirements and Florida Statutes.

A 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, indicates no basis in law for the conclusion in the SFA Handbook that student refunds checks become non-negotiable after 180 days. The University considers a check to be stale dated at the point designated by Statute and the rules regarding escheat property for that type of check. We will confer with USED regarding these issues.

We pride ourselves on service to students; consequently, we are pleased to report that, because of our communication with the student, the questioned FFEL PLUS loan check in the amount of \$2,412 was located and a replacement check was issued on February 20, 2006. Although the checks mentioned in this audit finding were past 180 days old, it is our interpretation that they have not yet become stale dated under Florida Statutes and rules. The University's bank will pay the remaining check if presented. During audit fieldwork the University verified that we had followed our procedures by contacting the two recipients of questioned costs; therefore we did not return funds to the Title IV program. We are in compliance with Florida Statutes and University procedures regarding stale dated checks. The University will, however, make every effort in the future to begin monitoring outstanding student refund checks earlier than 180 days from date of issuance.

FGCU Contact and Telephone Number

Carol Slade, Associate Controller
(239) 590-1215

Estimated Corrective Action Date

By June 30, 2006

Florida International University (FIU)

Condition

Our test of 20 unnegotiated stale-dated checks containing Title IV HEA funds, as of June 30, 2005, disclosed the following:

- 15 of the 20 checks totaling \$21,643 (\$400 FSEOG, \$16,153 FFEL subsidized, \$3,877 FFEL unsubsidized, and \$1,213 PELL) were outstanding up to 176 days in excess of the date that they ceased to be negotiable.
- 1 of the 20 checks totaling \$5,093 (\$2,668 FFEL subsidized and \$2,425 FFEL unsubsidized) remained outstanding for 274 days beyond the date that it ceased to be negotiable until it was reissued to the student on November 21, 2005, in a subsequent award year. However, the institution should have returned the funds to the lender once the check ceased to be negotiable.

A similar finding was noted in report No. 2005-158, finding No. FA 04-092.

Cause

The institution did not have adequate procedures to timely identify unnegotiated stale-dated checks containing Title IV HEA funds and return the funds to the applicable programs and lenders.

Recommendation

The institution should enhance its procedures to identify and return Title IV HEA funds to the applicable programs and lenders before the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 180 days at the institution). The institution should also return \$26,736 (\$400 FSEOG, \$18,821 FFEL subsidized, \$6,302 FFEL unsubsidized, and \$1,213 PELL) to the applicable programs and lenders.

FIU Response and Corrective Action Plan

As a result of implementing a new financial reporting system during the 2004-05 fiscal year, the University has been working to develop and implement 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. The effort involved coordinating the roles and responsibilities of different departments in the University to provide for a streamlined process. On November 1, 2005, new procedures were fully implemented to identify and process unnegotiated stale-dated checks containing Title IV HEA funds so that these funds may be returned to applicable programs and institutional lenders in a timely manner. In addition, the \$26,736 (\$400 FSEOG, \$18,821 FFEL subsidized, \$6,302 FFEL unsubsidized, and \$1,213 PELL) has been returned to the applicable programs and lenders.

FIU Contact and Telephone Number	<p>Ida Pabon, Associate Director, (served as Acting Director of Office of Financial Aid during audit period), (305) 348-2339</p> <p>James M. Bond, University Controller (305) 348-2560</p>
Estimated Corrective Action Date	Completed
<u>Florida State University (FSU)</u>	
Condition	The institution had not established procedures to identify the funding source of each uncashed student net check and establish an order of return to applicable Federal programs. A similar finding was noted in audit report No. 2005-158, finding FA No. 04-092.
Cause	Due to a new accounting system implemented during the 2004-05 fiscal year, the bank reconciliation processes were not finalized so that uncashed student net checks could be identified.
Recommendation	The institution should establish procedures to identify Title IV HEA funds credit balances accumulating in their accounts 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 180 days at the institution).
FSU Response and Corrective Action Plan	The institution will complete its written procedures to identify Title IV HEA funds for financial aid checks not cashed through the monthly bank reconciliation process. Any Title IV HEA funds identified as abandoned credit balances will be returned to the appropriate Federal Title IV program. The corrective action plan is to develop reports to ensure that we monitor the outstanding uncashed checks on a monthly basis, make every effort to contact the payees, and that no Title IV HEA funds are escheated to the State of Florida.
FSU Contact and Telephone Number	Gary Crawford, Assistant Controller (850) 644-9450
Estimated Corrective Action Date	Completed by June 2006
<u>University of Central Florida (UCF)</u>	
Condition	<p>The institution transfers unnegotiated stale-dated checks, dated six months (180 days) or more, into an unclaimed property account. We noted that 25 stale-dated checks tested from the June 30, 2005, unclaimed check list included 3 checks containing Title IV HEA funds totaling \$4,789 (\$2,726 FFEL subsidized and \$2,063 PELL), that had not been returned to the applicable program or lenders.</p> <p>Subsequent to audit inquiry, the institution returned the \$4,789 to the applicable Federal program and lenders in December 2005 and January 2006, from 7 to 15 months after the checks had ceased to be negotiable. A similar finding was noted in report No. 2005-158, finding FA 04-092.</p>
Cause	The institution did not have adequate procedures to ensure that all stale-dated checks containing Title IV HEA funds were timely returned to programs or lenders.
Recommendation	The institution should enhance procedures to identify Title IV HEA funds credit balances accumulating in their accounts and return those funds to the Title IV HEA programs or lenders 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 180 days at the institution).

UCF Response and Corrective Action Plan	The abandoned property procedures have been enhanced by shortening the time in processing the Title IV items, insuring supervisor review of data and establishing a new item type specifically for Title IV funds and returning the funds within the first two business days of the month that the checks will be escheating.
UCF Contact and Telephone Number	Linda Bonta, University Controller (407) 882-1000
Estimated Corrective Action Date	January 31, 2006
<u>University of Florida (UF)</u>	
Condition	Our review of the institution's outstanding checks dated March 9, 2004, or earlier, disclosed 22 of 143 checks outstanding contained Title IV HEA funds totaling \$6,186 (\$89 FSEOG, \$2,087 PELL, and \$4,010 FDSL). Subsequent to audit inquiry, the institution applied \$1,647 to students' institutional charges, and the remaining Title IV HEA funds totaling \$4,539 (\$89 FSEOG, \$1,346 PELL, and \$3,104 FDSL), were returned to the Federal programs on May 31 and June 6, 2005, more than 8 months after the checks had ceased to be negotiable.
Cause	The institution had established procedures to identify unclaimed checks containing Title IV HEA program funds and to return those funds to the appropriate program; however, during a new financial software implementation, the procedures were not followed. In addition, the procedures did not include a provision for return of funds within the required timeframe.
Recommendation	The institution should enhance their procedures to identify and return all Title IV HEA funds to the appropriate program before the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 180 days at the institution).
UF Response and Corrective Action Plan	According to the Federal Student Financial Aid Handbook, Title IV HEA funds must be returned to the Department (US DOE) prior to the date the funds would otherwise escheat, but no later than a few days after a check to the student would cease to be negotiable (usually 180 days). The University will change its Student Financial Aid drafts (checks) to be negotiable for 12 months. This change will make these checks consistent with all other university checks issued (i.e., Disbursement Services and Payroll) and will allow for our current "stale-dated check" process to be applied to all University issued checks. Then the return of Title IV HEA funds to the Department will begin shortly after the check ceases to be negotiable.
UF Contact and Telephone Number	Michael V. McKee (352) 392-1321
Estimated Corrective Action Date	December 30, 2005
<u>University of North Florida (UNF)</u>	
Condition	For 20 stale-dated checks that remained on the institution's outstanding check list as of June 30, 2005, we noted the following: <ul style="list-style-type: none"> • Three unnegotiated stale-dated checks totaling \$3,302 (\$954 FFEL subsidized, \$1,698 FFEL unsubsidized, and \$650 PELL) had not been returned to the respective Federal programs. As of January 17, 2006, the checks were 217 to 383 days past the date they ceased to be negotiable. • In addition, 12 other unnegotiated checks totaling \$15,622 (\$11,208 FFEL subsidized, \$589 FFEL unsubsidized, and \$3,825 PELL) were 74 to 313 days past the stale-date when the institution reissued the checks to the students in a subsequent award year. The reissued checks were cashed by

the students; however, the institution should have returned the funds to the applicable Federal programs once the checks ceased to be negotiable.

Cause

The institution does not have adequate procedures to ensure the timely identification and return of Title IV HEA funds to the applicable Federal programs when stale-dated checks containing these funds cease to be negotiable.

Recommendation

The institution should enhance their procedures to identify and return all Title IV HEA funds to the appropriate programs before the funds would otherwise escheat, or no later than the date a check to the student would cease to be negotiable (currently 180 days at the institution). The institution should also return \$3,302 (\$954 FFEL subsidized, \$1,698 FFEL unsubsidized, and \$650 PELL) to the applicable Federal programs and seek clarification on whether the checks reissued in a subsequent award year totaling \$15,622 (\$11,208 FFEL subsidized, \$589 FFEL unsubsidized, and \$3,825 PELL) should be returned to the applicable Federal programs.

**UNF Response and
Corrective Action Plan**

The University Controller's office has researched the issue in question including benchmarking with other State Universities (ICOFA Consortium), regarding their policies. In the course of this investigation, we found that our bank will continue to honor funds presented after the 180 day window previously stated in our procedure. We received a copy of a clarification from the Office of Federal Student Aid, Department of Education, Atlanta, GA, dated February 13, 2006, which took into account the "meaningless" 180 day window for cashing checks, the fiduciary responsibilities of the University, and the State escheatment deadlines. This memo, taking all factors into consideration sets the standard at an annual basis. We have therefore modified our procedures to comply in this respect. We have updated per your request our abandoned property procedure to fit the new Banner system that includes specific guidelines for return of Title IV money within Federal guidelines. Oversight will now include notifying the financial aid office on a monthly basis and assist them in returning any Title IV funds in accordance with the Federal guidelines. The Bank Reconciliation Accountant will forward a complete outstanding student check list to the Financial Aid office for resolution of any outstanding checks. The \$3,302 was returned to the applicable Federal programs and we will seek clarification on whether the \$15,622 should be returned to the applicable Federal programs.

**UNF Contact and
Telephone Number**

Floyd Hurst, Controller
(904) 620-2920

**Estimated Corrective
Action Date**

March 1, 2006

Broward Community College (Broward CC)**Condition**

We reviewed the institution's list of stale-dated checks dated December 31, 2004, or earlier. We noted 25 checks for Title IV HEA funds totaling \$9,186 (\$750 FSEOG, \$1,621 FFEL subsidized, and \$6,815 PELL) that had not been returned to the applicable programs and lenders. A similar finding was noted in report No. 2005-158, finding No. FA 04-092, and as a result, the USED required the institution to return \$318 to the appropriate lender within 30 days of receipt of the USED letter or by October 27, 2005. The institution had not returned the \$318 to the appropriate lender as of January 25, 2006.

Cause

The institution had not established adequate procedures to identify and timely return, stale-dated checks that include Title IV HEA funds to the applicable programs and lenders. In addition, procedures were not in place to ensure follow-up on the USED letter regarding the restoration of funds from unclaimed checks back to the appropriate lender.

Recommendation	The institution should enhance procedures to identify and return Title IV HEA funds to applicable programs and lenders before the date the funds would otherwise escheat or no later than the date a check would cease to be negotiable (usually 180 days). In addition, the institution should return the \$9,186 (\$750 FSEOG, \$1,621 FFEL subsidized, and \$6,815 PELL) to the applicable Federal programs and lenders. Also, the institution should return \$318 to the appropriate lender as instructed in the USED Federal Audit Determination letter.
Broward CC Response and Corrective Action Plan	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. The College will return the \$9,186 to the applicable Federal programs and lenders by March 10, 2006. Also, we have returned \$318 to the lender, Nelnet, on February 10, 2006.
Broward CC Contact and Telephone Number	Diane Cosner, Interim Chief Financial Officer (954) 201-7423
Estimated Corrective Action Date	March 10, 2006
<u>Florida Community College at Jacksonville (FCCJ)</u>	
Condition	For 10 of 20 stale-dated checks tested from the institution's outstanding check list dated as of August 31, 2005, that contained Title IV HEA funds, we noted the following: <ul style="list-style-type: none"> • Six checks totaling \$7,584 (\$1,175 FFEL subsidized, \$3,983 FFEL unsubsidized, and \$2,426 PELL) had not been returned to the respective programs and lenders. As of January 6, 2006, the checks were 103 to 288 days past the date they ceased to be negotiable. • Four checks totaling \$2,568 (\$200 FSEOG, \$1,332 FFEL subsidized, and \$1,036 PELL) were 117 to 251 days past the date the checks ceased to be negotiable when the institution either reissued the checks to the students or credited the funds to the students' accounts in a subsequent award year. However, the institution should have returned the funds to the applicable Federal programs and lenders once the checks ceased to be negotiable.
Cause	The institution had not established adequate procedures to ensure the timely identification and return of Title IV HEA funds to the applicable Federal programs and lenders for stale-dated checks containing these funds when they ceased to be negotiable.
Recommendation	The institution should enhance procedures to identify unclaimed Title IV HEA funds and return those funds to the Title IV HEA programs and lenders 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 180 days at the institution). The institution should also return \$10,152 (\$200 FSEOG, \$2,507 FFEL subsidized, \$3,983 FFEL unsubsidized, and \$3,462 PELL) to the applicable Federal programs and lenders.
FCCJ Response and Corrective Action Plan	The College accepts the finding of inadequate procedures to timely return Title IV funds based on one condition of the finding but not the second condition. One condition of the finding was that the College had credited stale-dated check funds to student accounts in a subsequent award year, and the College accepts the finding and has corrected the procedures which led to this error. The second condition of the finding claimed the College did not return funds to the

appropriate program and lender after the unclaimed checks ceased to be negotiable.

The Federal Blue Book requires schools to return credit balances to the Department of Education prior to the date the funds would otherwise escheat. Florida Statute 717.117 requires a report of stale-dated checks of any calendar year to be escheated to the State by May 1 of the following year. The State of Florida Bureau of Unclaimed Property instructions indicate checks like FCCJ's become stale-dated for their purposes in 12 months. Thus any FCCJ check drawn in calendar year 2004 will become stale by State procedure in the next calendar year, 2005. These checks must be reported and escheated to the State by May 1 of the following year, or in this example, May 1, 2006. FCCJ follows this State procedure, returns all unclaimed Title IV funds to the appropriate programs or lender before they escheat to the State in May of each year, and thus we are in compliance with both State and federal laws.

FCCJ Contact and Telephone Number

Yvonne I. Horner
(904) 632-3251

Estimated Corrective Action Date

Completed

Auditor's Remarks

The Blue Book provides that unclaimed Title IV HEA funds should be returned to the United States Department of Education (USED) "no later than a few days before a check to the student would cease to be negotiable under state law (usually 180 days)." Section 674.404, Florida Statutes, provides that "A bank is under no obligation to a customer having a checking account to pay a check, other than a certified check, which is presented more than 6 months after its date." While the institution asserts that its bank may honor a check over 6 months old, the same bank may also refuse payment on such a check. As such, and given the institution's intent to not allow payments to students for checks over 6 months old (as evidenced by the printing of the phrase "Void after 180 days" on the institution's checks), we believe that checks more than 6 months old constitute nonnegotiable checks as contemplated by The Blue Book. Further, based on our inquiries of USED, we believe our understanding of the intent of The Blue Book escheating provisions to be correct. However, since the institution does not agree with our understanding of the Federal escheating requirements, we suggest it consult with USED directly on this matter.

Gulf Coast Community College (GCCC)

Condition

A review of all outstanding checks as of April 30, 2005, disclosed four unclaimed Title IV HEA checks totaling \$463 that had ceased to be negotiable. A review of the outstanding checks as of June 30, 2005, disclosed that three of these checks totaling \$41 (\$30 FFEL unsubsidized and \$11 PELL) had been canceled and the funds credited to the institution as miscellaneous revenue. The fourth check, totaling \$422 (FFEL subsidized), remained outstanding. In addition, two unclaimed FWS checks, totaling \$7, had ceased to be negotiable at June 30, 2005, and also remained outstanding. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-092.

Cause

Although the institution had established procedures to monitor and follow-up on unclaimed property, including Title IV HEA funds, the institution's policy authorized any check outstanding for more than six months to be canceled and the amount to be returned to the institution as miscellaneous revenue, contrary to Federal regulations.

Recommendation

The institution should implement procedures to ensure that all unclaimed Title IV HEA funds are returned to the appropriate Title IV HEA programs and lenders 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). In

	<p>addition, the institution should return \$470 (\$422 FFEL subsidized, \$30 FFEL unsubsidized, \$7 FWS, and \$11 PELL) to the appropriate Title IV HEA programs and lenders.</p>
GCCC Response and Corrective Action Plan	<p>Gulf Coast is continuing to investigate this issue and will comply with all procedures for returning Federal funds properly as opposed to escheating them to the state of Florida. We will implement any needed changes as soon as definitive guidance has been received.</p>
GCCC Contact and Telephone Number	<p>John D. Mercer, Dean of Business Affairs (850) 872-3842 or SC 780-3842</p>
Estimated Corrective Action Date	<p>April 30, 2006</p>
	<p><u>Hillsborough Community College (HCC)</u></p>
Condition	<p>Our review of the institution's list of 24 stale-dated checks dated December 15, 2004, or earlier, disclosed 19 checks containing Title IV HEA funds totaling \$7,365 (\$2,349 FFEL subsidized and \$5,016 PELL). Subsequent to audit inquiry, the \$7,365 was returned to the applicable programs and lenders from 9 to 314 days late. A similar finding was noted in report No. 2005-158, finding No. FA 04-092.</p>
Cause	<p>The institution has procedures to identify and return stale-dated checks involving Title IV HEA funds to the applicable programs and lenders; however the institution did not follow its established procedures to monitor and follow-up on unclaimed Title IV HEA funds to ensure funds were timely returned.</p>
Recommendation	<p>The institution should enhance its procedures to ensure the timely identification and return of Title IV HEA funds before those funds would otherwise escheat, but no later than the date a check to the student would cease to be negotiable (currently 180 days at the institution).</p>
HCC Response and Corrective Action Plan	<p>We have enhanced our procedures by increasing our efforts to contact students to notify them of the unclaimed checks and by monitoring the dates for return of funds more closely to ensure timely return of funds.</p>
HCC Contact and Telephone Number	<p>Barbara DeVries, Director of Financial Services (813) 253-7012</p>
Estimated Corrective Action Date	<p>February 1, 2006</p>
	<p><u>Lake-Sumter Community College (LSCC)</u></p>
Condition	<p>We reviewed the institution's lists of stale-dated checks dated October 31, 2004, or earlier. We noted two students' checks totaling \$1,750 for Federal Pell grant funds that had not been returned to the Pell grant program. Subsequent to our review, the institution returned the funds to the Pell grant program, 64 and 330 days late. A similar finding was noted in audit report No. 2005-158, finding No. 04-092.</p>
Cause	<p>As noted in our prior audit, the institution had informal procedures to identify unnegotiated checks containing Title IV HEA funds; however, exceptions were noted. Formal written procedures to identify and timely return funds to the applicable Title IV HEA programs for outstanding net checks have not been established.</p>
Recommendation	<p>The institution should implement procedures to ensure the timely identification and return of funds to the Title IV HEA programs and lenders before the date the funds would otherwise escheat, or no later than the date a check to a student would cease to be negotiable (usually not greater than 180 days).</p>

LSCC Response and Corrective Action Plan	Per audit findings, we returned \$1,756.86 to the Department of Education on 6/20/05, check # 19045. We currently have a plan in place to review the outstanding student checks every 3 to 4 months. Students are then notified and given the opportunity to have their checks issued. Any unclaimed Title IV funds are then returned to the Department of Education.
LSCC Contact and Telephone Number	John Froman (352) 365-3697
Estimated Corrective Action Date	Complete as of 6/20/05
<u>Miami Dade College (MDC)</u>	
Condition	Our test of 20 stale-dated checks containing \$21,574 PELL disclosed that the institution had not timely returned the Title IV HEA funds to the Federal Pell grant program after the checks ceased to be negotiable (180 days). As of December 1, 2005, the institution had not returned \$19,517 (PELL) for 18 of 20 stale-dated checks. In addition, 1 of the 20 stale-dated checks totaling \$1,315 (PELL) was cashed by the student 133 days after the check ceased to be negotiable, and the other check totaling \$742 (PELL) was returned to the program by the institution, 153 days after the check ceased to be negotiable. A similar finding was noted in report No. 2005-158, finding No. FA 04-092.
Cause	The institution had not established adequate procedures to timely identify and return unnegotiated checks containing Title IV HEA funds to the applicable Federal programs.
Recommendation	The institution should enhance its procedures to timely identify and return Title IV HEA funds before those funds would otherwise escheat, or no later than the date a check would cease to be negotiable (currently 180 days at the institution). Also, the institution should return \$19,517 to the Federal Pell grant program.
MDC Response and Corrective Action Plan	The College disagrees with this finding. The College appropriately adheres to F.S. 717.001 "Florida Disposition of Unclaimed Property Act" and procedures developed by the Florida Department of Financial Services regarding stale-dated checks (voiding and remitting amounts as appropriate). The College also maintains a Board approved electronic front-end matching disbursement system designed to prevent fraud and enable the College and our banking institution to maintain precise and detailed records on both checks/drafts and amounts issued, as well as our "outstanding issue file" (all outstanding negotiable checks/drafts). Further, the College adheres to detailed internal procedures to ensure that FSA funds "do not escheat to the State or revert to the school or any other party" in accordance with guidelines established by the Federal Student Aid Handbook. Although the College encourages students, faculty, and vendors to timely remit all outstanding checks/drafts, our banking institution has indicated that honoring checks/drafts with a date in excess of 180 days past issuance does not violate either their institutional policies or State regulations regarding negotiability of checks/drafts. The 20 checks/drafts referenced in the finding (amounting to \$21,574) were not voided/cancelled and transmitted through our system(s) as non-negotiable in accordance with College procedure, our banking services agreement, and State statute.
MDC Contact and Telephone Number	Gregory Knott, AVP - Accounting and Student Services (305) 237-0825
Estimated Corrective Action Date	Not applicable

Auditor's Remarks	<p>The <u>Blue Book</u> provides that unclaimed Title IV HEA funds should be returned to the United States Department of Education (USED) "no later than a few days before a check to the student would cease to be negotiable under state law (usually 180 days)." Under State law (Section 674.404, Florida Statutes) a bank is under no obligation to a customer having a checking account to pay a check, other than a certified check, that is presented more than 6 months after the date of the check. Although a bank may honor a check over 6 months old, the bank may also refuse payment on such a check. As such, and given the institution's intent to not allow payments to students for checks over 6 months old (as evidenced by the printing of the phrase "Non-Negotiable After 6 Months" on the institution's checks), we believe that checks more than 6 months old constitute nonnegotiable checks as contemplated by <u>The Blue Book</u>. Further, based on our inquiries of USED, we believe our understanding of the intent of <u>The Blue Book</u> escheating provisions to be correct. However, since the institution does not agree with our understanding of the Federal escheating requirements, we suggest it consult with USED directly on this matter.</p>
	<u>Okaloosa-Walton College (OWC)</u>
Condition	<p>Our test of 20 checks selected from the institution's outstanding check list, as of April 30, 2005, identified 14 outstanding checks totaling \$7,095 (\$225 FSEOG, \$1,843 FFEL subsidized, and \$5,027 PELL) that included Title IV HEA funds. Check dates ranged from January 31, 2002, to June 24, 2004, and although none of the 14 unclaimed checks had been 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. Subsequent to audit inquiry, institutional personnel returned the \$7,095 to the applicable Federal programs and lenders.</p>
Cause	<p>The institution had not established adequate procedures to identify and return timely stale-dated net checks that include Title IV HEA funds.</p>
Recommendation	<p>The institution should enhance procedures to identify unclaimed Title IV HEA funds and return those funds to the Title IV HEA programs and lenders 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).</p>
OWC Response and Corrective Action Plan	<p>OWC will perform a monthly review of all outstanding checks to identify any checks that are approaching the date they will no longer be negotiable (180 days). All identified Federal funds will be returned to their appropriate Federal program within 5 days of their invalidation and by the most expedient method available.</p>
OWC Contact and Telephone Number	<p>Donna Utley or Bragg Farmer (850) 729-5368</p>
Estimated Corrective Action Date	<p>July 2005</p>
	<u>Palm Beach Community College (PBCC)</u>
Condition	<p>Each January, the institution identifies Title IV HEA checks that are stale-dated for two years. As of June 30, 2005, the institution had \$24,306 (\$1,800 FSEOG, \$1,698 FFEL subsidized, \$576 FFEL unsubsidized, and \$20,232 PELL) in stale-dated Title IV HEA checks that should have been returned to the Title IV HEA accounts because those checks are no longer negotiable.</p>
Cause	<p>The institution had not established adequate procedures to timely identify and return stale-dated checks that include Title IV HEA funds.</p>
Recommendation	<p>The institution should enhance its procedures to allow for the timely identification and return of Title IV HEA funds before those funds would otherwise escheat, or</p>

PBCC Response and Corrective Action Plan	no later than the date a check would cease to be negotiable (currently 180 days at the institution). Also, the institution should return the \$24,306 (\$1,800 FSEOG, \$1,698 FFEL subsidized, \$576 FFEL unsubsidized, and \$20,232 PELL) to the applicable Federal programs.
	The institution acknowledges the finding, and notes that procedures are in place. PBCC continues to enhance its procedures relating to unclaimed checks. The State requires annual reporting, and only annual reporting, for such items, with which it complies. These funds have not reverted to the institution, and the Federal portions of the funds have been returned to the program(s). We continually attempt to locate payees, as required by the State and good business practices. We are working with our computer software provider to enhance monitoring tools for timely identification. Even though our checks note that they are not valid after the 180 days mentioned, recipients may still be entitled to the funds, and further note that the UCC, and FS 674, and banking agreements don't preclude banks from paying checks, and occasionally do pay 'stale' checks, even though they are so noted. Therefore, the note itself does not make the check 'stale'. With such a small volume of checks unclaimed, compared to checks distributed, we will continue to monitor at least annually and more often as soon as our software can be upgraded before the next reporting period.
PBCC Contact and Telephone Number	James Duffie (561) 868-3077
Estimated Corrective Action Date	Funds returned, and continual monitoring of issue, expected changes complete by December 31, 2006
Condition	<u>Pasco-Hernando Community College (PHCC)</u> Of 19 stale-dated checks tested that contained Title IV HEA funds, and should have been returned to the Federal programs, we noted the following:
	<ul style="list-style-type: none"> • Nine unnegotiated stale-dated checks totaling \$6,992 (\$724 FFEL subsidized and \$6,268 PELL) had not been returned to the Federal programs and lenders as of December 14, 2005. The checks were 176 to 737 days past the date the checks ceased to be negotiable (currently 90 days at the institution). • Five unnegotiated stale-dated checks totaling \$1,934 (PELL) were 209 to 526 days past the date the checks ceased to be negotiable when the institution reissued the checks, in a subsequent award year, to the students. The reissued checks were cashed by the students; however, the institution should have returned the funds to the applicable Federal programs after the checks ceased to be negotiable. • Five unnegotiated stale-dated checks totaling \$2,960 (PELL) were 336 to 499 days past the date the checks ceased to be negotiable when they were cancelled. Of the \$2,960, \$2,147 was applied to charges that the students owed the institution for return of Title IV HEA funds, leaving \$813 remaining, of which \$182 was sent to USED. As of December 14, 2005, the balance of \$631 had not been returned to the Pell grant program.
Cause	The institution had not established adequate procedures to timely identify unnegotiated stale-dated checks containing Title IV HEA funds and return the funds to the applicable Federal programs and lenders.
Recommendation	The institution should enhance their procedures to return unnegotiated Title IV HEA funds to the applicable programs and lenders before the date the funds would otherwise escheat, or no later than a few days after the check ceased to be negotiable (currently 90 days at the institution). The institution should also

return \$11,704 (\$724 FFEL subsidized and \$10,980 PELL) to the applicable Federal programs and lenders.

**PHCC Response and
Corrective Action Plan**

The College has an established process to identify uncashed stale-dated checks and at the time of the audit, was in the process of returning the Federal funds in question. Since there were no definitive instructions in the Federal Blue Book, the authoritative source for fiscal procedures related to the management of Federal funds, the College was following the time frames outlined in the Florida Statutes addressing abandoned/unclaimed property. As of this date, all funds in question have been returned. In addition, the College has enhanced its processes to more quickly identify uncashed checks and return Title IV HEA funds within the time frames which are now specifically identified in the recently updated Federal Blue Book.

**PHCC Contact and
Telephone Number**

Ken Burdzinski, Vice President of Administration and Finance
(727) 816-3412

**Estimated Corrective
Action Date**

March 3, 2006

Polk Community College (PCC)

Condition

We reviewed 20 checks issued from July 1, 2004, to November 30, 2004, that were still outstanding as of June 30, 2005. We noted 4 checks totaling \$1,865 for Pell grant funds that had not been returned to the Pell grant program. In addition, the institution had not established procedures to timely identify and return stale-dated Title IV HEA checks, until the subsequent calendar year, which may be up to 18 months past the time period specified by Federal regulations.

Cause

The institution had not established procedures to timely identify stale-dated checks with Title IV HEA funds and return the funds to the applicable Title IV HEA programs.

Recommendation

The institution should establish procedures to timely identify stale-dated checks with Title IV HEA funds and return those funds to the applicable programs before the date the funds would otherwise escheat, or no later than the date a check to a student would cease to be negotiable (usually 180 days). In addition, the institution should return the \$1,865 to the Pell grant program.

**PCC Response and
Corrective Action Plan**

Banking records will be reviewed on a monthly basis to identify stale-dated Title IV HEA checks. Funds will be returned, as appropriate, to applicable Title IV HEA programs. In addition, once properly identified, the \$1,865 in question will be returned to the Pell grant program.

**PCC Contact and
Telephone Number**

Teresa Vorous, Comptroller
(863) 297-1089

**Estimated Corrective
Action Date**

March 1, 2006

South Florida Community College (SFICC)

Condition

For 20 stale-dated checks on the institution's outstanding check list, we identified 11 checks totaling \$3,824 (\$350 FSEOG, \$636 FFEL subsidized, and \$2,838 PELL) containing Title IV HEA funds. Check dates ranged from September 21, 2001, to February 17, 2004, and although no unclaimed Title IV HEA funds were reverted to a third-party, State, or institutional coffers, the institution had not returned the unclaimed Title IV HEA funds to the applicable programs and lenders.

Cause

The institution does not have procedures in place to timely identify unnegotiated stale-dated checks with Title IV HEA funds and return the funds to the applicable programs and lenders.

Recommendation	The institution should implement procedures to timely identify unnegotiated stale-dated checks containing Title IV HEA funds and return those funds to the programs and lenders before the date the funds would otherwise escheat, or no later than the date a check to a student would cease to be negotiable (180 days at the institution). In addition, the institution should return \$3,824 (\$350 FSEOG, \$636 FFEL subsidized, and \$2,838 PELL) to the applicable programs and lenders.
SFICC Response and Corrective Action Plan	The College has returned the funds to the programs and lenders. The College has implemented ongoing procedures to more timely identify unnegotiated stale-dated checks containing Title IV HEA funds and to return the funds appropriately.
SFICC Contact and Telephone Number	Anita Pennewell, Controller (863) 784-7122
Estimated Corrective Action Date	Funds returned February 2006. Procedures updated in February 2006.
<u>Valencia Community College (VCC)</u>	
Condition	Our review of 55 outstanding checks from the institution's stale-dated check list identified 28 unnegotiated checks totaling \$12,545 (\$34 FFEL subsidized, \$1,132 FFEL unsubsidized, and \$11,379 PELL) that contained Title IV HEA funds that were returned late. Check dates ranged from January 2003 through December 2004. Although the institution's procedure was to stale-date outstanding checks after 90 days (amended to 180 days in April 2005), the institution did not return the Title IV HEA funds to the applicable Federal programs or lenders in a timely manner after the checks ceased to be negotiable. The funds were returned from 72 to 1,022 days late. A similar finding was noted in report No. 2005-158, finding No. FA 04-092.
Cause	The institution had not established adequate procedures to identify unclaimed checks containing Title IV HEA funds and return the funds to the applicable programs or lenders.
Recommendation	The institution should establish procedures to identify unclaimed Title IV HEA funds and return the funds to the applicable program or lender within a few days after the checks cease to be negotiable (currently 180 days at the institution).
VCC Response and Corrective Action Plan	<p>The college had procedures in place during this time period to identify unnegotiated Title IV HEA checks to the applicable programs or lenders. These funds were reconciled on a monthly basis and have not been used for purposes other than that intended.</p> <p>In November 2004, student records were archived in the SCT Banner system for the first time. After archiving the student records, the college discovered that Title IV funds that needed to be returned could not be electronically transferred via the financial aid system. Since the U.S. Department of Education does not post specific instructions on how to return funds other than electronically, we were delayed in identifying who would accept paper checks. The FSA Handbook only states "a school must have a process through which it identifies a credit balance that remains on a student's account ... and returns those funds to the FSA programs on behalf of the student."</p> <p>The college has revised its procedures to start identifying outstanding Title IV HEA checks on the 150th day after issue to expedite the return of these funds to the applicable programs or lenders. However, under 34 CFR 668 Subpart K, FSA Handbook, Volume 4, Chapter 3, 2005-06 the institution is no longer required to return funds within a few days after which the checks cease to be negotiable. Under the new regulations, the college must "exercise judiciary responsibility to the student and the FSA programs." The college believes it is</p>

exercising judiciary responsibility by establishing procedures for the monthly return of Title IV funds.

**VCC Contact and
Telephone Number**

Jackie Lasch
(407) 582-3302

**Estimated Corrective
Action Date**

January 24, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-090
CFDA Number	84.007, 84.033, 84.063, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grant (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management – Reconciliations
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution's reconciliation process was not adequate to reconcile Title IV HEA program accounts to Federal records of draws and expenditures, such as the Common Origination and Disbursement (COD) records and the Federal Grants Administration and Payment System (GAPS), for the program year.
Criteria	34 CFR 668.24(b), .163, .166, 675.19, 676.19, 685.102, .309, 690.81, .83, and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs)</u> . The reconciliation of Federal and institution records is an essential component for an effective financial management system. <u>The Blue Book</u> provides that internal controls should include the following: reconciling Federal funds in bank accounts to Federally reported cash balances; reconciling Federal funds received for an 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	The institution did not perform comprehensive monthly reconciliations of their Title IV HEA accounts to GAPS, COD, and the institution's accounting records during the 2004-05 fiscal year. The institution's reconciliations were incomplete and did not note the nature and resolution of reconciling items, and none of the institution's reconciliations contained evidence of supervisory review. Our comparison of the institution's program accounts to GAPS and COD records disclosed the following errors that were not detected, or not timely detected, by the institution's reconciliation process as of December 15, 2005: FSEOG program: <ul style="list-style-type: none"> • Program expenses recorded in the institution's account exceeded the 2004-05 fiscal year authorization by \$99,536. A transfer from the FWS program to cover these expenses had not been recorded in the FSEOG program account. • An adjustment in the institution's books to reduce revenue by \$2,500 was not explained or investigated. FWS program: <ul style="list-style-type: none"> • FWS draws recorded in the institution's program account totaled \$779,198; however, the program reconciliation only listed one drawdown for \$635,977 and contained a notation that the other draw was a 2003-04 fiscal year carryforward, but there was no support provided for the carryforward. • The entire 2004-05 fiscal year allocation of \$1,015,324 was not drawn down. The institution recorded draws totaling \$779,198 and the Federal records (GAPS and COD) reported draws totaling \$907,926. The \$128,728 difference

was not identified as a reconciling item and was not resolved during the award period.

- Payroll expenses, including FWS paid to students, are recorded and paid in the previous accounting system (FLAIR). Journal entries are completed to record the payroll expenses into the institution's new accounting and records system. The amounts paid in FLAIR were not reconciled to the entries made in the new system. Only the month of September expenses agreed between the two systems.

PELL program:

- Three 2003-04 fiscal year draws totaling \$59,762 were erroneously posted to the 2004-05 fiscal year account.
- Five draws from unknown sources totaling \$310,364 were recorded in the institution's program account and were not identified as reconciling items.
- The institution recorded twice, on October 5, 2004, and October 11, 2004, a draw of \$529,701 that was not corrected.
- Four draws and one draw adjustment totaling \$627,760 were not posted to the program account.
- Unreconciled program expense differences between the institution's program account and COD record totaled \$140,797.
- Program expenses recorded in the institution's account exceeded the program's current funding level authorized by USED by \$147,323.

FDSL program:

- Five 2003-04 fiscal year draws totaling \$543,359 were posted to the 2004-05 fiscal year account.
- A PELL draw in the amount of \$214,361 was posted on October 11, 2004, to the FDSL program account and was not corrected until June 6, 2005, eight months later.
- Two FDSL revenue postings, dated January 14, 2005, and April 25, 2005, were overstated by \$88,279 and \$148, respectively; and one FDSL revenue posting on October 11, 2004, was understated by \$1,536,087.
- Five 2004-05 fiscal year draws totaling \$3,601,557 were not posted to the institution's FDSL program account.
- Unreconciled FDSL program expense differences between the institution's program account and COD record totaled \$2,234,321.

A similar finding was noted in audit report No. 2005-158, finding No. FA 04-093.

Cause

The institution's reconciliation process is inadequate to properly identify and resolve the reconciliation items in each program account at the institution to Federal records. In addition, the institution performed only one monthly bank statement reconciliation for the 2004-2005 fiscal year. Due to lack of supervision and training, and turnover in upper management, proper controls over the reconciliation process were not placed into operation during the 2004-05 fiscal year.

Effect

When monthly reconciliations are not properly performed, the institution has limited assurance that information in GAPS and COD agrees to its accounting records, the award year close-out may not be accurate, and errors or omissions may occur and not be detected in a timely manner. Also, inaccuracies in amounts recorded in the institution's program account affect the amount and timing of drawdown requests from USED and could result in excess cash.

Recommendation	The institution should review the reconciliation process and enhance controls to ensure that accurate and complete reconciliations of GAPS and COD data to the institution's accounting records are completed each month for Title IV HEA program accounts.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The institution has reviewed the complete reconciliation process and has implemented procedures that call for the monthly reconciliation of all Title IV HEA program accounts. Staff, in both the Comptroller and Student Financial Aid office, have been appropriately trained on how to perform both monthly and year end reconciliations to ensure that all draw down of funds are accurate, timely, and reflect the information that is contained in GAPS and COD.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-091
CFDA Number	84.007, 84.033, and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
Compliance Requirement	Cash Management – Reconciliations
State Educational Entity	Florida International University (FIU)
Finding Type	Material Noncompliance
Finding	The institution did not perform the required monthly reconciliations of drawdowns reported in the Federal Grants Administration and Payment System (GAPS) to the institution's accounting records during the 2004-05 fiscal year. As a result, periods of excess cash of Student Financial Assistance programs were maintained for 1 of the 3 programs tested, interest earned on excess funds was not remitted back to the Federal grantor, and certain adjustments made in GAPS were not recorded in the accounting records.
Criteria	34 CFR 668.24(b), .163, .166, 675.19, 676.19, 690.81, .83, and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs)</u> . The reconciliation of Federal and institution records is an essential component for an effective financial management system. <u>The Blue Book</u> provides that internal controls should include the following: reconciling Federal funds (between bank accounts and Federally reported cash balances); reconciling Federal funds received for an 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	For 3 Title IV Higher Education Act (HEA) programs (FSEOG, FWS, and PELL), we noted the following: <ul style="list-style-type: none"> • Monthly reconciliations to monitor cash levels between GAPS and the institution's accounting records were not performed. • In the Pell grant program, requests to draw down Federal funds exceeded the immediate cash needs of the program. For the months of January 2005 through June 2005, the institution maintained excess cash balances in the Pell grant program that ranged from \$2,361 to \$1,632,139, resulting in interest earnings of \$27,339. Interest earned of \$27,089 (total less \$250 allowed) had not been remitted to the Federal grantor as of January 30, 2006. • The institution adjusted GAPS drawdowns from programs that had excess funds to those programs that were short of funds, but had not recorded these adjustments in the accounting records. Two of the adjustments in GAPS decreased the cash level by \$467,886 on April 1, 2005, and by \$179,011 on April 18, 2005, for the Pell grant program. One adjustment in GAPS increased the cash level by \$467,886 on April 1, 2005, for the FWS Program.
Cause	The institution did not have procedures to perform monthly reconciliations between GAPS and the institution's accounting records, and did not ensure that funds requested did not exceed immediate cash needs.

Effect	When monthly reconciliations are not performed, program funds may not be accounted for properly. Errors and omissions may occur and not be detected in a timely manner in reporting expenditures to and drawing funds from USED. The request and drawdown of Federal funds may not be limited to immediate cash needs, and interest may be earned and not remitted. Also, the institution has limited assurance that information in GAPS and its accounting system agree.
Recommendation	The institution should implement procedures to perform monthly reconciliations of the GAPS data to the institution's accounting records, ensuring that drawdowns of Title IV HEA funds are monitored and limited to immediate cash needs. Also, interest earned on excess funds should be remitted to the Federal agency.
FIU Response and Corrective Action Plan	<p>Procedures are now in place to ensure that the University's request for Federal funds is limited to its immediate cash needs as evidenced by program expenditures recorded in its general ledger.</p> <p>During 2004-05, the University requested reimbursements based on its current funding level reported in the Federal Common Origination and Disbursement database. While this was an appropriate action to take, it required a careful and timely reconciliation of funds to ensure that cash receipts did not exceed actual expenditures. Reconciliation was not conducted on a monthly basis and thus cash balances materialized when: 1) adjustments made to expenditures were not matched with a properly executed return of cash, and 2) when summer session Pell revenues were drawn in late June and program disbursements occurred in July/August---a different fiscal year.</p> <p>The new procedures for drawing down Federal funds requires the Office of Financial Aid to initiate the request and document the amount requested comports with funds credited to student accounts; the Office of Sponsored Research Administration will request the draw of Federal funds through GAPS after verifying expenditures have been posted against the general ledger; once federal funds are received, OSRA will prepare the journal entry and send to Controller's Office for posting to the appropriate Federal program account. The Office of Financial Aid will conduct a monthly reconciliation to ensure requested revenues do not exceed actual expenditures.</p> <p>The University agrees that interest on excess cash should have been returned per 34 CFR 668.166. However, the \$27,399 of interest earnings that is cited in this finding was based on a preliminary estimate provided to the auditors near the end of their fieldwork. The University was still in the process of analyzing the excess cash position. As an example, the preliminary estimate considered monthly ending cash balances not daily cash balances and monthly interest rates not daily interest rates. Subsequent to the end of the fieldwork, the University calculated the interest considering the above mentioned factors which more accurately reflect the excess cash position in fiscal year 2004-05, which amounted to \$4,661. This subsequent calculation was provided to the auditors. On February 28, 2006 the University remitted payment in this amount for the interest earned on excess cash to the Federal government.</p>
FIU Contact and Telephone Number	<p>Corinne M. Webb, Vice President for Enrollment Management (305) 348-3833</p> <p>James M. Bond, University Controller (305) 348-2560</p>
Estimated Corrective Action Date	Completed

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-092
CFDA Number	84.007, 84.033, and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
Compliance Requirement	Cash Management – Reconciliations
State Educational Entity	University of North Florida (UNF)
Finding Type	Material Noncompliance
Finding	During the 2004-05 fiscal year, the institution did not always prepare the required monthly reconciliations of draws reported in the Federal Grants Administration and Payment System (GAPS) to the institution's accounting records, and documentation was not retained for the reconciliations that were performed. In addition, the year-end reconciliation for June 30, 2005, was not timely completed and included material unresolved differences related to the FWS program.
Criteria	34 CFR 668.24(b), .163, 675.19, 676.19, 690.81, .83, and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs)</u> . The reconciliation of Federal and institution records is an essential component for an effective financial management system. <u>The Blue Book</u> provides that internal controls should include the following: reconciling Federal funds in bank accounts to Federally reported cash balances; reconciling Federal funds received for an institution's participation in a program to the totals currently recorded in the institution's accounts; and 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	The institution was unable to provide documentation evidencing that detailed monthly reconciliations between GAPS and the institution's records were prepared for the period July 2004 through February 2005, and no reconciliations were performed for the period March 2005 through May 2005. In addition, the reconciliation for the year-ending June 30, 2005, between GAPS and the institution's accounting records was not substantially completed until December. We noted unresolved differences of \$190,737 related to the FWS program that the institution is currently working to resolve.
Cause	The institution did not implement adequate procedures to document and perform monthly reconciliations and timely resolve any differences between the institution's accounting records and GAPS records.
Effect	When monthly reconciliations are not performed, the institution has limited assurance that information in GAPS agrees to its accounting records, and errors or omissions may occur and not be timely detected when reporting expenditures to and drawing moneys from USED. Additionally, USED may require the institution to maintain all Title IV program funds in a separate bank account.
Recommendation	The institution should implement procedures to perform and document required reconciliations of GAPS data to the institution's accounting records and to timely resolve any differences.
UNF Response and Corrective Action Plan	During the audit period, the University experienced hardware failure, turnover in critical Controller office positions, as well as the implementation of a new Financial Accounting system which contributed to the failure to comply with

normal operational reconciliation processes that had been in place at the University for an extensive period of time. The hardware failure caused loss of data for the first 8 months of the audit period relating to reconciliations which we were unable to recover and therefore needed to recreate from scratch. The staff turnover caused a need to prioritize the many reconciliations that needed to be completed in a short window and cash to be considered a higher priority. Therefore the financial aid reconciliations were placed second in the priority queue. Implementation of the new Financial Accounting system caused previous procedures to be obsolete and therefore new procedures had to be written.

Corrective action:

Redundant copies of all reconciliations will be saved on a network drive which is backed up by our IT department on a regular basis. Hard copies are forwarded to the Associate Controller to maintain in a permanent file.

New staff have been trained in the reconciliation process and have been made aware of all monthly deadlines and priorities.

The FWS reconciliation has been completed and will be reviewed again by March 10, 2006, to ensure that all components are accurate.

For Fiscal year 2006, a new Financial Aid system was put in place and reporting components are in the design process. All financial aid reconciliations through January 2006 are expected to be current no later than March 31, 2006. Meetings are scheduled weekly with the Financial Aid office to iron out any discrepancies and resolve them timely. From March 31, 2006, forward all reconciliations will be completed no later than 20 days after month end and submitted to the Associate Controller for review and approval.

**UNF Contact and
Telephone Number**

Floyd Hurst, Controller
(904) 620-2920

**Estimated Corrective
Action Date**

March 31, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-093
CFDA Number	84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Pell Grant Program (PELL)
Compliance Requirement	Cash Management – Reconciliations
State Educational Entity	Polk Community College (PCC)
Finding Type	Material Noncompliance and Reportable Condition
Finding	During the 2004-05 fiscal year, the institution did not perform the required monthly reconciliations of drawdowns reported in the Federal Grants Administration and Payment System (GAPS) to the institution's accounting records.
Criteria	34 CFR 668.24(b), .163, 690.81, .83, and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs)</u> . The reconciliation of Federal and institution records is an essential component for an effective financial management system. <u>The Blue Book</u> provides that internal controls should include the following: reconciling Federal funds in bank accounts to Federally reported cash balances; reconciling Federal funds received for an 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 2004-05 fiscal year, detailed monthly reconciliations were not performed between GAPS and the institution's accounting records. As a result, an \$18,752 posting error went undetected in the Pell grant program account.
Cause	The institution did not implement procedures to perform monthly reconciliations and resolve differences between the institution's accounting records and GAPS records.
Effect	When monthly reconciliations are not performed, errors and omissions may occur and not be timely detected when reporting expenditures to and drawing from USED. Also, the institution has limited assurance that information in GAPS and its accounting records agree.
Recommendation	The institution should implement procedures to perform monthly reconciliations of GAPS data to the institution's accounting records and to timely resolve any differences.
PCC Response and Corrective Action Plan	The Financial Aid Office, along with the Comptroller, will establish a reconciliation process to ensure that GAPS and the institution's accounting records agree on a monthly basis.
PCC Contact	Teresa Vorous, Comptroller (863) 297-1089 Olivia Maultsby, Director Financial Aid (863) 297-1004
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-094
CFDA Number	84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Direct Student Loans (FDSL)
Compliance Requirement	Cash Management – Excess Cash
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution did not have adequate procedures to monitor the forecasting, requesting, and drawing down of Title IV HEA funds for the institution's immediate cash needs. As a result, excess cash balances were retained during the 2004-05 fiscal year.
Criteria	34 CFR 668.162 and .166 An institution's request for funds may not exceed the institution's immediate cash needs and the institution must disburse the funds requested as soon as administratively feasible, but no later than three business days following the date the institution received the funds, unless the funds held are within the excess cash tolerance for which an additional seven days is provided to liquidate the amount of the drawdown to program expenditures.
Condition	Excess cash balances in the FDSL program account existed from October 5, 2004, through January 10, 2005, and ranged from \$483,410 to \$2,640,979. During this time period, cash balances were less than \$1,000,000 for only 3 days.
Cause	The institution's procedures for forecasting, requesting, and drawing down Title IV HEA funds was inadequate to limit funds to immediate cash needs. The institution's failure to properly monitor cash to determine the amount of immediate cash needs, and properly reconcile the program accounts to Federal database information and the institution's bank statements (see finding No. 05-090), resulted in excess cash balances not being detected in a timely manner.
Effect	The institution retained excess Federal funds, and interest earned, exceeding \$250, on the excess funds was not remitted to the U.S. Department of Education (USED).
Recommendation	The institution should strengthen procedures for forecasting, requesting, and drawing down Title IV HEA funds. The institution should also determine interest earned on the excess funds and remit such amount greater than \$250 to USED.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. A process has been developed by Student Financial Services that will confirm the distribution amount which will be requested and required by General Accounting prior to the request to draw down funds. This process will include a spreadsheet, already developed, to monitor and track the draw down amounts, dates, actual disbursements, and any interest earned. This spreadsheet will be maintained by the Title IV Coordinator of Accounting. It will be reviewed monthly by the General Accounting Coordinator and must be confirmed and signed off by the Vice President Student Financial Services or his designee and the Director of Student Financial Aid or his designee.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-095
CFDA Number	84.038
Program Title	Student Financial Assistance Cluster (SFA) Federal Perkins Loans (FPL)
Compliance Requirement	Cash Management – Interest Earnings
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution did not allocate and transfer into the FPL account, interest earned on FPL deposits during the 2004-05 fiscal year.
Criteria	34 CFR 674.8(a)(6) and FSA Handbook Volume 4 Chapter 3 (2004-05)
Condition	FPL funds were deposited into an interest-bearing checking account and State Treasury Investment account. However, no interest was allocated to the FPL account, although the institution's accounting records for the FPL program account reported positive cash balances for 6 of the 12 months during the 2004-05 fiscal year. A similar finding was noted in audit report No. 2005-158, finding No. 04-096.
Cause	The institution changed its interest allocation method. Instead of allocating interest earned on FPL cash balances for deposits in the checking account throughout the fiscal year, the institution allocated interest based only on the cash balance listed on the trial balance at the end of the fiscal year and did not allocate any portion of the State Treasury investment account to the FPL funds.
Effect	When interest earned on FPL funds is not calculated during the allocation process and not transferred to the FPL account, there is a reduction of funds available for student loans and administrative program expenses. In addition, not transferring the interest earned on FPL funds into the FPL account is contrary to Federal regulations.
Recommendation	The institution should revise the allocation process by calculating on a monthly basis the amount of interest earned on FPL cash balances in the checking account and State Treasury Investment account, and transfer interest earned into the FPL program account.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The reconciliation of FPL is assigned to the General Accounting Coordinator, and will continue to be reconciled on a monthly basis. In addition to reconciling the account, the monthly balance must be submitted to the Accountant in the Controller's Office to populate the interest schedule spreadsheet with the amounts. The Accountant will calculate the interest earned and submit it to be recorded by the Assistant Controller of Cash Management. The interest earned will be transferred into the FPL program account. This process will be directly reviewed with the Chief Financial Officer for 3 months to assure that this process is being followed and completed.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-096
CFDA Number	84.033, 84.038, 84.063, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Work-Study (FWS) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Eligibility – Overawards/Underaward
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance Questioned Costs – \$20,945 (\$369 FWS, \$1,500 FPL, \$3,597 PELL, \$7,759 FDSL subsidized, and \$7,720 FDSL unsubsidized) (Underaward \$522 PELL)
Finding	The institution did not always properly calculate the Cost of Attendance (COA) budgets used to make awards; overpaid Pell grant award amounts; did not recalculate PELL for an enrollment status change; awarded loans over the aggregate loan limit; awarded an ineligible student whose attendance was not documented; and did not pay a student the full-time Pell grant award for which the student was entitled.
Criteria	34 CFR 668.32, .35, 673.5, 674.9, 675.19, 690.63, and .79
Condition	For 12 of 30 students tested who received Title IV HEA funds, the following errors were disclosed: <ul style="list-style-type: none"> • For 4 of the 12 students, the institution used incorrect COA budgets resulting in FDSL unsubsidized overawards totaling \$5,220. • For 2 of the 12 students, the institution overawarded PELL totaling \$53. • For 1 of the 12 students, the institution did not recalculate a PELL award for a student who did not attend all classes for which the full-time award was based, resulting in an overaward of \$1,519. • For 1 of the 12 students, the institution awarded a FDSL subsidized loan that exceeded the \$23,000 aggregate loan limit, resulting in an overaward of \$5,499. • For 1 of the 12 students, the student's Spring 2005 attendance could not be verified, resulting in overawards totaling \$8,285 (\$1,500 FPL, \$2,025 PELL, \$2,260 FDSL subsidized, and \$2,500 FDSL unsubsidized). • For 3 of the 12 students, the FWS amounts paid were not supported by timesheets, resulting in overawards totaling \$369. • Additionally, for a thirteenth student, the institution did not pay the full amount of PELL that the student was entitled to receive, resulting in an underaward of \$522.
Cause	Effective July 2004, the institution implemented a new accounting and records system. Overawards were caused by system errors that occurred, but were not detected; staff's use of system overrides without adequate oversight; turnover in management that decreased the oversight of daily operations; and a general lack of adequate procedures to ensure proper determination of awards.
Effect	When institutions award Title IV HEA funds to ineligible students, funds may not be available for eligible students and institutions may be required to return institution funds to the Federal programs.

Recommendation	The institution should strengthen its procedures, and modify the new accounting and records system, to ensure that awards of Title IV HEA funds are properly determined. Also, the institution should return \$20,945 (\$369 FWS, \$1,500 FPL, \$3,597 PELL, \$7,759 FDSL subsidized, and \$7,720 FDSL unsubsidized) to the appropriate Federal programs, and pay the remaining \$522 Pell grant award to the student who was underawarded.
FAMU Response and Corrective Action Plan	The institution concurs with the findings and has taken the following corrective actions. Procedures have been instituted to return \$20,945 (\$369 FWS, \$1,500 FPL, \$3,597 PELL, \$7,759 FDSL subsidized, and \$7,720 FDSL unsubsidized) to the appropriate Federal programs, and to pay the remaining \$522 Pell grant award to the student who was underawarded. The institution has hired a new Director of Student Financial Aid who brings over thirty years of experience with Title IV HEA programs administration experience, a new Associate Director, and two new Assistant Directors, who bring a total of over 50 years of progressive Title IV HEA programs administrative experience. This individual will bring tremendous stability and expertise that will allow the institution to review and strengthen all accounting and record systems to ensure that Title IV HEA funds are properly determined. A complete review of all office policy and procedures has been undertaken as well as the retraining of all existing staff members within the Office of Student Financial Aid.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	March 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-097
CFDA Number	84.007, 84.032, and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Family Education Loans (FFEL) Federal Pell Grant (PELL)
Compliance Requirement	Eligibility
State Educational Entity	Florida Community College at Jacksonville (FCCJ)
Finding Type	Material Noncompliance Questioned Costs – \$17,540 (\$400 FSEOG, \$2,625 FFEL subsidized, \$3,428 FFEL unsubsidized, and \$11,087 PELL)
Finding	For 30 students tested, 3 were not eligible to receive Title IV Higher Education Act (HEA) funds for the 2004-05 award year because remedial credit hours were not included as attempted hours in determining Satisfactory Academic Progress (SAP).
Criteria	34 CFR 668.16(e) and .20
Condition	Although the institution's SAP policy for the 2004-05 award year did not specifically provide for exclusion of all remedial credit hours attempted, the institution excluded attempted remedial credit hours in determining SAP. When remedial hours attempted were included, 3 students did not meet eligibility requirements, as follows: <ul style="list-style-type: none"> • Two students were ineligible for Title IV HEA funds totaling \$8,050 (PELL) because the institution did not include the remedial credit hours attempted, but included the corresponding remedial credit hours earned in the SAP determinations for the 2004-05 award year. • For another student, the institution did not make a SAP determination for the 2004-05 award year. At the end of the Spring 2004 term, the student had attempted 15 credit hours, including 12 remedial hours. During the 2004-05 award year, if the remedial hours had been included in the SAP calculation, the student would not have been eligible to receive Title IV HEA funds totaling \$9,490 (\$400 FSEOG, \$2,625 FFEL subsidized, \$3,428 FFEL unsubsidized, and \$3,037 PELL). Subsequently, for the 2005-06 award year, the institution changed its SAP policy to include all hours attempted, including remedial hours, in its SAP determinations.
Cause	Federal guidelines provide that credits from all attempted hours must be included when evaluating SAP. Therefore, the institution's policy during the 2004-05 award year did not comply with Federal regulations.
Effect	Overawards were made to ineligible students because remedial credit hours were not considered as credit hours attempted.
Recommendation	The institution should ensure that all attempted and earned credit hours, including remedial credit hours, are included in its determinations of SAP and return \$17,540 (\$400 FSEOG, \$2,625 FFEL subsidized, \$3,428 FFEL unsubsidized, and \$11,087 PELL) to the applicable programs and lenders.
FCCJ Response and Corrective Action Plan	The College accepts the finding that 2 of the 3 students were not eligible for Title IV financial aid due to miscalculations made on the remedial courses completed by the students. The College has changed its calculation procedures to correct this deficiency.

However, the College asserts the third student was properly eligible for Title IV HEA funds based on our written Standards of Academic Progress (SAP) policies. FCCJ's Satisfactory Academic Progress policy excluded the first 30 attempted credits of remedial courses, and the student in question was eligible for Title IV aid per our policies.

FCCJ periodically reviews its Standards of Academic Progress and has recently amended its standards including its SAP Policy to reflect the changing needs of the institution and its students.

FCCJ Contact and Telephone Number

Joel A. Friedman
(904) 632-3132

Estimated Corrective Action Date

Completed

Auditor's Remarks

The institution, in response to this finding, indicated that the third student was eligible for Title IV HEA funds based on its SAP policy. The institution's written SAP policy for the 2004-05 academic year provided that once a student receiving financial aid attempts more than 12 credits, a student must successfully complete a minimum of 67 percent of cumulative credit hours attempted to continue receiving Title IV HEA funds. However, the policy did not specifically provide for the exclusion of remedial course credit hours when evaluating the 67 percent completion requirement. Therefore, based on the institution's written SAP policy, the student's eligibility to receive Title IV HEA funds was not evident. Resolution of this matter rests with USED.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-098
CFDA Number	84.007, 84.033, 84.038, and 84.063
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)
Compliance Requirement	Reporting – Special Reports: Fiscal Operations Report and Application to Participate (FISAP)
State Educational Entity	Florida Agricultural and Mechanical University (FAMU)
Finding Type	Material Noncompliance and Reportable Condition
Finding	The 2004-05 fiscal year FISAP report was not adequately supported by the institution's accounting records or other documentation.
Criteria	34 CFR 674.8, 674.19, 675.18(e), 675.19, 676.19, Instructions accompanying the FISAP report, and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs)</u> . The reconciliation of Federal and institution records is an essential component for an effective financial management system. <u>The Blue Book</u> provides that internal controls should include the following: reconciling Federal funds in bank accounts to Federally reported cash balances; reconciling Federal funds received for an 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	The institution did not provide documentation for various amounts reported in the FISAP for the FSEOG, FWS, FPL, and PELL programs. For example, the FPL cash balance as of October 31, 2005, was reported as zero, when it was actually \$222,061; the PELL amount awarded was reported as \$18,867,768, when it was actually \$18,552,817, a difference of \$314,951; an FSEOG transfer-in from FWS was reported as \$114,110, however no transfer was reflected in the institution's accounting records; a \$14,574 carryforward from the 2003-04 fiscal year for FWS was reported; however there was no carryforward reported in the 2003-04 fiscal year; and the amount of FWS earned compensation reported for FWS on-campus employment totaled \$904,360, however \$943,050 was recorded in the institution's accounting records, resulting in a difference of \$38,690. In addition, journal entries to record 2004-05 fiscal year carryforward amounts and transfers had not been made as of the FISAP's final filing date of December 15, 2005.
Cause	The institution submitted its FISAP report based on information prior to ensuring that the amounts in the report were supported by the accounting records. The Financial Aid and Controller's Office did not adequately coordinate their efforts in preparing the FISAP to ensure that all required accounting entries had been posted to support the FISAP information.
Effect	USED uses the information provided in the FISAP to determine the amount of funds the institution will receive for Federal programs. If the institution does not provide USED with accurate information, the institution may receive more funds than it is entitled to or may not receive all the funds to which it is entitled.

Recommendation	The institution should implement procedures to ensure that amounts reported on the FISAP report are supported by accounting or other applicable records prior to submission, such procedures should include reconciling amounts reported on the FISAP to its accounting records consistent with USED's <u>The Blue Book</u> , and making appropriate entries as needed to agree the FISAP to its accounting records. The institution should also file a corrected FISAP.
FAMU Response and Corrective Action Plan	The institution concurs with this finding and offers the following corrective action plan. The institution has adopted a process for the completion of the FISAP which will require the reconciliation of all amounts on the FISAP to the institution's general ledger and other appropriate subsidiary accounts that are consistent with USED's The Blue Book. This process will also require inclusion of an internal cover signature approval page that will include the name/signature of the Director of Student Financial Aid and the institution's Chief Fiscal Officer.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	September 1, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-099
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	Special Tests and Provisions – Disbursements
State Educational Entity	Various
Finding Type	Material Noncompliance
Finding	Six institutions did not always accurately report the dates and amounts of PELL and FDSL disbursements in the U.S. Department of Education's (USED) Common Origination and Disbursement System (COD).
Criteria	34 CFR 685.301(d), 690.83, and COD Technical Reference The USED COD is a streamlined method for processing, storing, and reconciling Federal Pell Grant financial aid information. COD defines the disbursement date as the date cash was credited to the student's account or paid to the student directly.
Effect	Inaccurate reporting of information in COD could result in future payments being blocked for students who transfer to other institutions, and could affect the amount of a student's FDSL loan repayment calculation if the student enters repayment status. The level of PELL authorization for an institution is affected by the accuracy with which the PELL disbursement dates and amounts are reported to COD. In addition, reporting inaccurate disbursement dates before actual disbursements occur increases the institution's Federal authorization to draw down funds that students do not need. The U.S. Department of Education (USED) may impose a fine on the institution if the institution fails to comply with these requirements.
Condition	<u>Florida Agricultural and Mechanical University (FAMU)</u> For 14 of 30 students tested, FDSL or PELL disbursement dates were incorrectly reported in COD. Variances between the disbursed dates in the student's accounts and the dates reported in COD ranged from 4 to 275 days. Also, for 6 of the 30 students, we noted errors in reporting PELL disbursement amounts. For 4 students, \$65 PELL was reported to COD as an overstatement in the Fall 04 term and a corresponding understatement of \$65 PELL was reported in the Spring 05 term; for 1 student a disbursement of \$1,013 PELL was reported twice in COD; and for 1 student, a COD disbursement amount of \$507 PELL was reported with no corresponding entry in the institution's student record file.
Cause	The institution's procedures were not adequate to ensure accurate information was reported to COD. Various technical problems resulted from the implementation of the institution's new accounting and records system and, as a result, the institution manually overrode the system in order to complete delivery of aid to students, which may have caused information to be reported incorrectly. Also, the institution became a full participant of the COD online system for the first time during the 2004-05 award year.
Recommendation	The institution should review its procedures to ensure that information provided to USED through COD is accurate.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The institution has made the necessary modifications to the PeopleSoft student software system as well as hired additional staff who have expertise with this software system. The institution is fully confident that these new staff

members, along with the system modifications, will enable it to accurately and timely report all information that is provided to COD.

FAMU Contact and Telephone Number

Rufus R. Little, III
(850) 412-5480

Estimated Corrective Action Date

March 1, 2006

Florida International University (FIU)

Condition

For all 30 students tested, disbursement records submitted to COD differed from the institution's actual PELL disbursement dates, ranging from 282 days prior to and 6 days after the actual disbursement. Additionally, although the institution has up to 30 days after the actual disbursement to report PELL payment data, the institution reported PELL payment data up to 14 days prior to the actual disbursement for 25 of 30 students tested.

Cause

The institution did not report the actual disbursement dates to COD. Also, procedures had not been implemented to reconcile the PELL disbursement dates reported to the COD system with the institution's own disbursement records before and after the submission of such data. As a consequence, the institution was unable to subsequently correct the COD disbursement file to reflect the actual disbursement dates.

Recommendation

The institution should enhance procedures to ensure that actual PELL disbursement dates are reported to COD.

FIU Response and Corrective Action Plan

For the upcoming aid cycle, the institution is scheduled to re-format the COD origination and disbursement file to set the COD disbursement date to follow the actual disbursement to a student's account. This change will ensure the Pell Grant is credited to the student's account before the institution sends the disbursement file to COD.

FIU Contact and Telephone Number

Ida Pabon, Associate Director, (served as Acting Director of Office of Financial Aid during audit period) (305) 348-2339

Estimated Corrective Action Date

May 2006

Florida State University (FSU)

Condition

Our review of 21 PELL disbursements during the Spring 2005 term revealed that the institution's PELL disbursement date did not always agree with the USED COD disbursement date. For 20 of the 21 disbursements reported to COD, the Spring 2005 PELL disbursement date on the COD file was January 3, 2005, which was 8 days prior to the institution's disbursement date of January 11, 2005.

Cause

The institution initially recorded the disbursement request date on the COD system, not the actual disbursement date, and did not subsequently correct the COD disbursement file to reflect the actual date of disbursement.

Recommendation

The institution should review its procedures to ensure that the information provided to USED through the COD system is accurate.

FSU Response and Corrective Action Plan

Upon notification of the finding, FSU has corrected the disbursement date to reflect the actual disbursement date rather than the disbursement request date.

FSU Contact and Telephone Number

Darryl Marshall, Director, Florida State University, 4400-A University Center, Tallahassee, FL 32306-2430, (850) 644-5716

Estimated Corrective Action Date

January 2006

Miami Dade College (MDC)

Condition	For 27 of 29 PELL recipients tested, the disbursement dates reported in COD were incorrect (reported disbursement dates ranged from 4 to 14 days after the actual disbursement).
Cause	The institution had not implemented procedures to reconcile the PELL disbursement dates reported to COD with the institution's own disbursement records. Additionally, the institution's system recorded the disbursement request date on the COD system, instead of the actual disbursement date, and did not subsequently correct the COD disbursement file to reflect the actual date of disbursement.
Recommendation	The institution should enhance its procedures to ensure that the information provided to USED through COD is accurate.
MDC Response and Corrective Action Plan	The College agrees with this recommendation and has corrected the system error which caused it.
MDC Contact and Telephone Number	Gregory Knott, AVP – Accounting and Student Services (305) 237-0825
Estimated Corrective Action Date	Completed

Polk Community College (PCC)

Condition	Our review of 8 Pell grant disbursements disclosed that all 8 disbursement dates in the COD Reporting System were incorrectly reported by the institution. In addition, we noted three instances in which funds disbursed in the Summer 2005 term were incorrectly combined with the preceding term and shown as one disbursement. Errors in reporting COD disbursement dates ranged from 212 days prior to the actual disbursement to 173 days after the actual disbursement.
Cause	The institution initially recorded the disbursement request date on the COD system, not the actual disbursement date, and did not subsequently correct the COD disbursement file to reflect the actual date of disbursement.
Recommendation	The institution should review its procedures to ensure that the information provided to USED through the COD system is accurate.
PCC Response and Corrective Action Plan	The institution has implemented a new administrative system that now automatically records the correct disbursement date, which is in turn reported to COD within the required 30 day limit by the Office of Financial Aid.
PCC Contact and Telephone Number	Olivia Maultsby, Director Financial Aid (863) 297-1004
Estimated Corrective Action Date	January 1, 2006

Santa Fe Community College (SFeCC)

Condition	For 7 of 20 students tested who received PELL funds during the 2004-05 fiscal year, disbursement records submitted to the COD included incorrect disbursement dates, ranging from 57 days before to 3 days after the actual disbursement date.
Cause	The institution transmitted PELL disbursement records at the beginning of each term with an anticipated disbursement date and did not update the disbursement records with COD in those instances where the actual disbursement date differed.
Recommendation	The institution should ensure disbursement records submitted to COD include accurate dates of PELL disbursements.

**SFeCC Response and
Corrective Action Plan**

The College has implemented changes to the COD processing system which update, the disbursement record to reflect the actual disbursement date.

**SFeCC Contact and
Telephone Number**

Peggy Werts, Director of Financial Aid
(352) 395-5476

**Estimated Corrective
Action Date**

January 31, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-100
CFDA Number	84.032, 84.038, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Special Tests and Provisions – Disbursements
State Educational Entity	Various
Finding Type	Material Noncompliance and Reportable Condition
Finding	Six institutions did not always document the required notification, of student or parent FFEL and FDSL loan borrowers or FPL student loan borrowers, within 30 days before or after crediting a student's account with FFEL, FDSL, or FPL funds. The notification must include the date and amount of the disbursement, the borrower's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of the loan, and the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.
Criteria	34 CFR 668.165
Effect	Because incurring a loan obligation is a serious responsibility, a borrower must be given the opportunity to cancel the loan at, or close to, the time the funds are actually disbursed and the debt incurred. Without notification of the right to cancel a loan, there is an increased risk that a borrower may incur unnecessary debt. <u>Florida Agricultural and Mechanical University (FAMU)</u>
Condition	We were only able to verify the notification for 4 of 30 students tested, of which 2 notifications exceeded 30 days after the disbursement date and 2 were recorded within the 30 days. For the remaining 26 students, the institution did not document the notification.
Cause	The institution converted to a new accounting and records system and, as part of that conversion, a process was developed to document the required notification. However, the process implemented in the new system did not function as intended and generally did not document compliance with the notification requirement.
Recommendation	The institution should correct the problem with the new accounting and records system to ensure that FDSL and FPL borrowers receive the required notification timely when crediting a student's account with FDSL or FPL funds, and that such notifications are documented.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. Commencing with the Fall 2006 semester all FDSL and FPL borrowers will receive a timely electronic notification within 30 days before or after crediting a student's account with FDSL or FPL funds. This notification will include the date and amount of the disbursement, the borrower's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of the loan, and the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or disbursement. This electronic message will be communicated to these borrowers through the use of the current PeopleSoft software system through the institution's Student Financial Services unit.

FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	July 1, 2006
	<u>University of West Florida (UWF)</u>
Condition	Of the 30 students tested who received Title IV HEA funds, we noted: <ul style="list-style-type: none"> • The institution credited FPL funds totaling \$15,635 to 6 of the 30 students' accounts without providing the required notification to the students. • The institution credited FDSL funds totaling \$260,093 to 27 of the 30 students' accounts without providing the required notification to the students or students' parents.
Cause	The institution had not established procedures to provide the notification required by the Federal regulation.
Recommendation	The institution should develop procedures to ensure that FPL and FDSL borrowers receive the required notification electronically or in writing no earlier than 30 days before or no later than 30 days after crediting a student's account with FPL or FDSL funds.
UWF Response and Corrective Action Plan	<p>The University plans to create a CICS program to automatically send an electronic notification to students when a Federal Direct Loan (Unsubsidized and/or Subsidized) and/or Federal Perkins Loan disbursement is credited to a student's account. An e-mail will be sent to the student's UWF e-mail address. The e-mail will include the date and the amount of the Federal Direct Loan and/or Federal Perkins Loan disbursement. The e-mail will also explain the student's right to cancel all or a portion of the loan disbursement and return the loan proceeds. The procedures and time-frame for returning the loan funds and canceling the loan disbursement will be detailed in the student notification as well. Students with undeliverable e-mails will immediately be sent a written notification.</p> <p>A written notification will be sent to parents when a Federal Direct PLUS loan is credited to a student's account, due to the fact the University will not always have a valid e-mail address on file for parents. The written notification will be sent, within 30 days, to the parent's address in CICS associated with the PLUS Loan and will include the date and the amount of the Federal Direct PLUS Loan disbursement. The letter will explain the parent's right to cancel all or a portion of the loan disbursement and return the loan proceeds. The letter will also detail the procedures and time-frame for the parent to return the loan funds and cancel the loan disbursement.</p> <p>Students and parents will be sent a follow up notice in writing or electronically of the outcome of their loan cancellation request.</p>
UWF Contact and Telephone Number	Colleen Asmus, Controller (850) 474-2642
Estimated Corrective Action Date	Fall 2006
	<u>Broward Community College (Broward CC)</u>
Condition	For all 10 students tested who received FFEL funds, the institution had not provided the required notifications to the borrowers.
Cause	The institution's staff believed that the Guaranty Agency was providing notifications to satisfy this compliance requirement and therefore, had not established procedures to provide the required notification to FFEL loan borrowers.

Recommendation	The institution should develop procedures to ensure that FFEL borrowers receive the required notification electronically or in writing no earlier than 30 days before or no later than 30 days after crediting a student's account with FFEL funds.
Broward CC Response and Corrective Action Plan	Broward Community College has already started developing procedures to ensure FFEL borrowers are notified no earlier than 30 days before or no later than 30 days after crediting a student's account with FFEL funds
Broward CC Contact and Telephone Number	Marcia Conliffe, Associate Vice President - Student Success & Enrollment Management Services, (954) 201-7634
Estimated Corrective Action Date	Summer 2006
<u>Gulf Coast Community College (GCCC)</u>	
Condition	For all 5 students tested who received FFEL funds, the institution had not provided the required notification to the borrowers.
Cause	The institution was unaware of the requirement, and therefore, had not established procedures to provide the required notification to FFEL loan borrowers.
Recommendation	The institution should develop procedures to ensure that FFEL borrowers receive the required notification electronically or in writing no earlier than 30 days before or no later than 30 days after crediting a student's account with FFEL funds.
GCCC Response and Corrective Action Plan	The institution has implemented procedures to identify students scheduled to receive disbursements. These students are mailed letters within 30 days of the disbursement date. The letter includes the amount, date, and type of disbursement and informs the student of his/her right to cancel the loan. The letter also informs the student the notification deadline for loan cancellation.
GCCC Contact and Telephone Number	Chris Westlake, Coordinator of Financial Aid Accounting (850) 872-3846 or SC 780-3846
Estimated Corrective Action Date	Corrective action implemented in August 2005
<u>Palm Beach Community College (PBCC)</u>	
Condition	The institution does not have procedures to notify students and parents, in writing or electronically, of the date and amount that FFEL funds were credited to a student's account. The notification is to include the date and amount of the disbursement, the borrower's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The institution's notification does not include the date and amount of the disbursement credited to the student's account.
Cause	The 2004-05 fiscal year was the first year that the institution received FFEL loan funds by electronic funds transfer from the lender and they did not implement procedures to include all information required in the notification.
Recommendation	The institution should develop procedures to ensure that FFEL borrowers receive all of the required information, electronically or in writing, no earlier than 30 days before or no later than 30 days after crediting a student's account with FFEL funds.
PBCC Response and Corrective Action Plan	The institution agrees with the finding and is currently enhancing procedures to include the date and amount of disbursement within the notification to the borrower of the right to cancel all or a portion of the loan. The prior procedure included a letter to inform the borrower of the right to cancel; however, the date

and amount of disbursement were not contained in the letter. The institution did notify the student of the amount and date of disbursement on the check stub mailed to the borrower in a subsequent mailing. All required items will be included in the letter by Spring term 2006.

PBCC Contact and Telephone Number

Amy McDonald
(561) 868-3391

Estimated Corrective Action Date

Spring Term 2006

St. Petersburg College (SPC)

Condition

Beginning Fall 2004, the institution began disbursing FFEL funds by electronic funds transfer (EFT) to students' accounts; however, the institution did not have procedures to provide the required notification to students and parents within 30 days before or after FFEL funds were credited to a student's account. The notification is to include the date and amount of the disbursement, the borrower's right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.

Cause

The 2004-05 fiscal year was the first year the institution received FFEL funds by EFT from the lender and the institution was not aware of this Federal requirement.

Recommendation

The institution should implement procedures to ensure that FFEL borrowers receive all of the required information, electronically or in writing, within 30 days before or after crediting a student's account with FFEL funds.

SPC Response and Corrective Action Plan

The College has implemented an electronic notification of all required data utilizing the college-wide Student e-mail system. Students have been notified that the student e-mail system is the preferred delivery method of all college-related communication. The notifications for the Spring 2006 term are being completed in compliance with the required period of time.

SPC Contact and Telephone Number

Mike Meigs, Director of Student Accounting and Systems
(727) 341-3313

Estimated Corrective Action Date

February 10, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-101
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 Grant (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	Special Tests and Provisions – Disbursements – National Student Loan Data System (NSLDS) Mid-Year Transfer Monitoring
State Educational Entity	Various
Finding Type	Material Noncompliance
Finding	Two institutions did not always inform NSLDS of mid-year transfer students.
Criteria	34 CFR 668.19(b) An institution must inform NSLDS about all mid-year transfers (students who transfer from one school to another during the same award year), including those for whom the school accesses NSLDS directly so NSLDS can continue to monitor the student for any subsequent enrollment and disbursement changes. An institution may inform NSLDS at the time it determines a student may be transferring and seeking Title IV HEA funds, but it must inform NSLDS prior to disbursing any Title IV HEA funds to the student.
Effect	When NSLDS is not informed of mid-year transfers, students may receive Title IV HEA aid for which they are not eligible. Further, by providing information to NSLDS of mid-year transfer students, the institution allows NSLDS to monitor and inform the institution of any subsequent relevant changes in a student's financial aid history before and after making a disbursement.
Condition	<u>Florida Agricultural and Mechanical University (FAMU)</u> Effective July 1, 2001, institutions were no longer required to obtain a paper Financial Aid Transcript for any transfer student, including mid-year transfers. This process was replaced by the NSLDS Student Transfer Monitoring Process. To begin this new process, institutions were required to set-up a Transfer Monitoring profile in NSLDS, and then submit mid-year transfer students to NSLDS using student identifiers. The institution did not set up a Transfer Monitoring profile in NSLDS until June 7, 2005, subsequent to audit inquiry, and therefore did not inform NSLDS of any mid-year transfer students during the 2004-05 award year.
Cause	Staff indicated that due to the workload of implementing a new accounting and records system, the mid-year transfer student profile in NSLDS was not set up timely.
Recommendation	The institution should ensure that NSLDS is informed of all mid-year transfer students prior to disbursing Title IV HEA funds by using the NSLDS Student Transfer Monitoring Process.
FAMU Response and Corrective Action Plan	The institution concurs with this finding and provides the following corrective action plan. Effective June 7, 2005, the institution set up the NSLDS Student Transfer Monitoring profile and will diligently execute this process going forward.

FAMU Contact and Telephone Number Rufus R. Little, III
(850) 412-5480

Estimated Corrective Action Date June 7, 2005

Miami Dade College (MDC)

Condition For 13 of 15 students tested who transferred to the institution during the Spring and Summer 2005 terms, and received Title IV HEA funds, the institution did not inform NSLDS of the mid-year transfers. The 13 students received Title IV HEA aid totaling \$25,836 (\$400 FSEOG, \$3,500 FFEL subsidized, \$2,166 FFEL unsubsidized, \$1,500 FPL, and \$18,270 PELL).

Cause The institution's procedures for monitoring and reporting mid-year transfers to NSLDS were not adequate. The NSLDS Student Transfer Monitoring Process had not been implemented.

Recommendation The institution should enhance its procedures to ensure that NSLDS is informed of all mid-year transfer students by using the NSLDS Student Transfer Monitoring Process as required.

MDC Response and Corrective Action Plan The College agrees with this recommendation and is working with its Financial Aid software provider to make the necessary system code revisions to address this issue. In addition, the College is simultaneously developing a batch process and closely monitoring the Multiple Reporting Records (MRR) reports provided by the Department of Education to avoid any duplicate payments.

MDC Contact and Telephone Number Gregory Knott, AVP – Accounting and Student Services
(305) 237-0825

Estimated Corrective Action Date June 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-102
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	Various
Finding Type	Material Noncompliance Questioned Costs – \$28,657 (\$7,377 FFEL subsidized, \$3,326 FFEL unsubsidized, \$11,908 PELL, \$1,810 FDSL subsidized, and \$4,236 FDSL unsubsidized) (Student portion \$3,060 PELL)
Finding	Eleven institutions did not always accurately calculate and timely return unearned Title IV HEA funds to the applicable Federal programs and lenders for those students who officially withdrew prior to the 60 percent point of the payment period. In addition, the students, NSLDS, and USED 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 and lenders. Also, as a result of not timely notifying students of grant overpayments and not reporting grant overpayments to NSLDS and USED, students may have received Title IV HEA funds for which they were not eligible.
	<u>Florida Agricultural and Mechanical University (FAMU)</u>
Condition	For all 8 students tested who officially withdrew during the Fall 2004 or Spring 2005 term and received Title IV HEA funds, the institution incorrectly calculated the amounts to be returned for 7 students, did not calculate the amount to be returned for 1 student, and did not return funds totaling \$7,593 (\$1,294 FDSL subsidized, \$4,227 FDSL unsubsidized, and \$2,072 PELL), to the applicable Federal programs for all 8 students. A similar finding was noted in audit report No. 2005-158, finding No. 04-099.
Cause	Effective July 2004 the institution implemented a new accounting and records system. The errors noted were caused by system errors that occurred but were not detected by management's oversight of daily operations, as well as, inadequate training of staff on the new system.
Recommendation	The institution should enhance its procedures to ensure the accurate identification of students who officially withdraw, and calculate and timely return unearned Title IV HEA funds. The institution should return \$7,593 (\$1,294 FDSL subsidized, \$4,227 FDSL unsubsidized, and \$2,072 PELL), to the applicable programs.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. Procedures have been instituted to return \$7,593 (\$1,294 FDSL subsidized, \$4,227 FDSL unsubsidized; and \$2,072 Pell) to the appropriate Federal programs. Effective with the Spring 2006 semester the institution has made the necessary technical adjustments to the PeopleSoft student software system and the process for the return of unearned Title IV HEA funds has been fully automated. This task has been assigned to a specific administrator within the institution who has been fully trained in this process within the PeopleSoft system as well as the procedures and policies that are applicable to Title IV HEA funds. The institution

has full confidence that all future calculations will be accurate and submitted within the required regulatory timeframes.

FAMU Contact and Telephone Number

Rufus R. Little, III
(850) 412-5480

Estimated Corrective Action Date

March 1, 2006

Florida International University (FIU)

Condition

Of 10 students tested who officially withdrew and received Title IV HEA funds during the Fall 2004 or Spring 2005 term , we noted the following:

- For 2 of the 10 students, the institution did not correctly calculate unearned Title IV HEA funds. The institution owed and returned \$1,552 (\$594 FFEL subsidized and \$958 FFEL unsubsidized), but also returned excess funds in the amount of \$2,601 (\$59 FFEL subsidized and \$2,542 FFEL unsubsidized). For one of these students, the calculation was based on out-of-state tuition fees; however, the student should have been calculated as an in-state student. For the other student, the institution overpaid \$21 when it returned to the lender \$678 instead of the amount owed of \$657. The overpayment was due to the accidental remittance to the lender of a 3 percent origination fee that was assessed to the student's balance at the institution to cover the institution's fees associated with the loan.
- For 8 of the 10 students, the institution did not timely return unearned Title IV HEA funds totaling \$6,018 (\$2,650 FFEL subsidized, \$958 FFEL unsubsidized, and \$2,410 PELL) to the programs and lenders within 30 days of the student's withdrawal. The days late ranged from 23 to 223.
- For 3 of the 10 students, notifications of Pell grant overpayments were 32 to 106 days late.
- For 1 of the 4 students that required a Pell grant return, the institution returned a \$179 student overpayment 57 days late. It is the institution's policy to return the student's portion (when applicable) of Pell grant overpayments.
- For 4 students, the original Title IV HEA return calculation worksheets were not available for review. Because of implementation of a new financial aid records system, Title IV HEA return calculation worksheets were completed and saved within the system; however, when recalculations of the returns were necessary, the original worksheets were replaced and not saved within the system or in a hard-copy.
- Under the new financial aid records system, when Title IV HEA return calculations were not performed timely, any Title IV HEA funds adjustments that were subsequent to the date that the student withdrew were recognized and included in the Title IV HEA return calculations. This is problematic when more than one semester has elapsed because the award adjustments (i.e., increases or decreases) that belong to a subsequent semester were commingled with the actual return of Title IV HEA return calculations for the prior term.

Cause

The institution's procedures were not adequate to properly calculate and timely return Title IV HEA funds. In addition, the institution's new financial aid records system did not maintain a record of the original Title IV HEA return calculations separate from award adjustments made throughout the semesters.

Recommendation

The institution should enhance its procedures to ensure that Title IV HEA funds are properly calculated and timely returned to the applicable Federal programs and lenders, and students are timely notified of grant overpayments. The

FIU Response and Corrective Action Plan	<p>institution should modify its new financial aid records system to ensure that the integrity of the original Title IV HEA return calculations are maintained and separately identifiable from any award adjustments that are made throughout subsequent terms.</p> <p>The institution acknowledges that, in light of the challenges associated with implementing its new student administration database in 2004-05, it did not always calculate and return funds in a timely manner.</p> <p>The Financial Aid Office has implemented the following corrective actions:</p> <p>(1) The reports for the calculations of R2T4 will begin running the day after the last day to drop/add a course, when liability is established, and will be processed on a rolling basis, weekly.</p> <p>(2) Upon processing a R2T4 calculation, staff will post the return of funds, for the loans, to the appropriate CL Fund Maintenance screen. Thus executing the request for funds to be returned via EFT to the appropriate lender. Return of funds will be sent on a weekly basis and the request will be retained in the office of all transactions processed including the wire transfer for the returns.</p> <p>(3) Adjustments to the grants and/or scholarships will be posted manually when the award is adjusted. These transactions are currently sent in a correction batch to COD. The history of the adjustment is maintained in the award activity screen.</p> <p>(4) Once the calculation is posted, screen shots will be made and kept so that we retain the history of any adjustments that are made to the calculation throughout subsequent terms, as currently the Peoplesoft system does not offer that functionality.</p>
FIU Contact and Telephone Number	Ida Pabon, Associate Director, (served as Acting Director of Office of Financial Aid during audit period), (305) 348-2339
Estimated Corrective Action Date	Completed
Condition	<p><u>Florida Community College at Jacksonville (FCCJ)</u></p> <p>For 3 of 15 students tested who officially withdrew during the Fall 2004 or Spring 2005 term, the institution failed to timely return unearned Title IV HEA funds totaling \$770 (\$536 FFEL subsidized and \$234 PELL). The returns were 36, 244, and 289 days late.</p>
Cause	The institution did not have adequate procedures to timely return all unearned funds to the Title IV HEA programs.
Recommendation	The institution should enhance its procedures to ensure the timely return of Title IV HEA funds to the applicable Federal programs and lenders.
FCCJ Response and Corrective Action Plan	<p>The College accepts the finding and the recommendation to improve its procedures. The College has refunded the \$770 of questioned costs and has already begun implementation of new procedures.</p> <p>The requirement for pro-rata return of unearned Title IV funds was introduced by the Department of Education in 2001. A student who attended more than 60 percent of a class does not have to repay any Title IV funds, but an FCCJ student may take classes of differing lengths (4, 8, 12, or 16 weeks) and with differing start dates (A, B, C, or D sessions in each term). The calculations of what percent of classes a student has attended are quite complex, and since the introduction of pro-rata repayments these calculations have been done manually for withdrawn FCCJ students. This manual process led to the errors cited. The College has subsequently automated the refund calculation procedures to avoid future errors.</p>

FCCJ Contact and Telephone Number Joel A. Friedman
(904) 632-3132

Estimated Corrective Action Date Completed

Hillsborough Community College (HCC)

Condition Of 15 students tested who officially withdrew during the Fall 2004 and Spring 2005 terms and received Title IV HEA funds, we noted the following:

- For 4 students, the institution did not timely return unearned Title IV HEA funds totaling \$1,990 (\$607 FFEL subsidized and \$1,383 FFEL unsubsidized) within 30 days of the student's withdrawal. The days late ranged from 12 days to 23 days.
- For 1 student, the institution notified NSLDS and USED of a \$359 Pell grant overpayment 15 and 16 days late, respectively.
- For 1 student, the institution did not notify NSLDS and USED of a Pell grant overpayment when the student did not make satisfactory repayment arrangements for, or return \$254 to the Pell grant account within 45 days of the student's notification of the overpayment. The funds were repaid 25 days late.

A similar finding was noted in report No. 2005-158, finding No. FA 04-099.

Cause The institution did not always follow its procedures to timely return Title IV HEA funds and to notify NSLDS and USED of grant overpayments.

Recommendation The institution should enhance its procedures to ensure the timely return of Title IV HEA funds and notification of NSLDS and USED of any grant overpayments.

HCC Response and Corrective Action Plan The institution improved the coordination between the Financial Aid and Finance Office to ensure the forwarding of the unearned Title IV HEA funds to the lending agency by the required due dates.

The Financial Aid Office enhanced its procedures and Authorization to Accept Payments form for monitoring students who request payment arrangements and do not adhere to the agreement. If payments are not received as scheduled, students will subsequently be referred to NSLDS and the U.S. DOE notified within the required timeframe.

HCC Contact and Telephone Number Charlotte Johns-Rich, Director of Financial Aid
(813) 253-7160

Estimated Corrective Action Date February 1, 2006

Okaloosa-Walton College (OWC)

Condition Of 10 students tested who officially withdrew during the Fall 2004 or Spring 2005 term, we noted calculation errors occurred for 3 student withdrawals during the Fall 2004 term. The errors resulted from an incorrect number of days used in the calculations due to an unexpected break greater than 5 days caused by Hurricane Ivan. In the institution's corrections to the 3 errors brought to their attention, a net overpayment in the amount of \$98 to the Federal Pell grant program was made. In addition, the institution did not timely notify NSLDS and USED of overpayments for 1 of the 3 students noted above and for 2 additional students that withdrew in the Spring 2005 term. The notifications to NSLDS and USED were 23 and 24 days late.

Cause The institution was closed for 8 days during the Fall 2004 term while it recovered from the effects of Hurricane Ivan. The institution did not exclude the 8-day break when calculating returns of Title IV HEA funds for students who withdrew after the

break. As a result, the institution miscalculated the return amounts for students who withdrew after the hurricane break. When we brought this to the institution's attention, the institution attempted to recalculate the returns for the affected students; however, some of the recalculations were in error and, due to these additional errors, the correcting process had not been completed as of January 18, 2006. For the 3 students noted, the institution's recalculation of the institution's portion to be returned was understated by \$430 PELL; and the PELL overpayments owed by the students was overstated by \$146. Additionally, the institution's procedures were not adequate to ensure the return of Title IV HEA funds were calculated correctly and timely returned to the applicable programs, and to ensure that notifications to the students, NSLDS, and USED were accurate and completed in a timely manner.

Recommendation

The institution should enhance procedures to ensure that returns of Title IV HEA funds are calculated correctly, that funds are returned in a timely manner to the applicable programs and lenders, and that notification to NSLDS and USED are timely. Additionally, the institution should review the Fall 2004 and Spring 2005 terms' recalculations and ensure that all required returns are corrected and completed, and any funds owed are returned to the Title IV HEA programs and lenders, including the \$430 PELL noted above.

OWC Response and Corrective Action Plan

For the three students identified in the audit sample, OWC recalculated and returned funds to the applicable Federal programs; DOE and NSLDS were notified. The Florida Community College Software Consortium (FCCSC), which provides our Financier Software, is writing an enhanced program to identify students who officially withdraw from all their coursework. This will aid in the Return to Title IV Fund procedure. In the meantime, the current program provided by FCCSC is run weekly so Return to Title IV students are identified, calculations performed, funds returned, and students notified. Notification to DOE and NSLDS are completed in a timely manner.

OWC Contact and Telephone Number

Christine (Chris) Bishop or Patricia (Pat) Bennett
(850) 729-4901 or (850) 729-5370

Estimated Corrective Action Date

January 4, 2006

Palm Beach Community College (PBCC)**Condition**

We tested 15 students who officially withdrew and received Title IV HEA funds during the Fall 2004 and Spring 2005 terms, and noted the following:

- For 4 of the 15 students tested, the institution did not timely return unearned Title IV HEA funds totaling \$543 (\$232 FFEL unsubsidized and \$311 PELL) within 30 days of the student's withdrawal. The days late ranged from 2 days to 140 days.
- For students who did not take timely, positive action within 45 days of notification of grant overpayments, the institution failed to immediately notify NSLDS. Two of the 15 students tested required NSLDS notification and the notifications were 50 and 52 days late. In addition, although the institution provided documentation to evidence that the USED was notified of student grant overpayments, the documentation was not dated, so it was not possible to determine if the notification was timely.
- The institution did not timely disburse a post-withdrawal disbursement due to a student who officially withdrew in the Spring term. The post-withdrawal disbursement of \$40 in Pell grant funds was made 119 days late.
- The institution was closed for 10 days during the Fall term due to Hurricane Frances. The institution did not exclude the days closed when determining

the percentage of the payment period completed for students who officially withdrew during the Fall term. For 5 of 8 students tested in the Fall term, the institution should have returned an additional \$589 (\$372 FFEL subsidized, \$22 FFEL unsubsidized, and \$195 PELL); and for 1 of 8 students, the institution should have identified a student overpayment to the Pell grant program totaling \$228.

- Two of the 8 students tested in the Fall term received post-withdrawal disbursement overpayments of \$214 in Pell grant funds that should be returned to the program.

Similar findings were noted in audit reports No. 2005-158, finding No. 04-099, and No. 2004-168, finding No. 03-81.

Cause

The institution did not always follow its procedures to timely return funds to Title IV HEA programs and to notify NSLDS of grant overpayments because of staff turnover. In addition, the institution was not aware of the requirement to treat hurricane closure days as a "scheduled break" when calculating Title IV returns.

Recommendation

The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds, and notification of NSLDS, and continue to monitor those procedures to ensure compliance. Additionally, the institution should return \$803 (\$372 FFEL subsidized, \$22 FFEL unsubsidized, and \$409 PELL) to the applicable programs and lenders and inform the student of the \$228 Pell grant overpayment that is owed.

**PBCC Response and
Corrective Action Plan**

The college agrees with the findings related to the late return of Title IV funds, NSLDS referrals and a post-withdrawal disbursement as described in the above finding. The college has fully corrected these concerns effective September 2005 by enhancing R2T4 procedures. The institution began using the DOE R2T4 web-based software effective Fall Term 2005 and is consistently utilizing the tracking and report features to comply with deadlines and ensure timeliness. The institution also implemented system functionality within the Financier program to improve reports for identification of withdrawn students.

**PBCC Contact and
Telephone Number**

Amy McDonald
(561) 868-3391

**Estimated Corrective
Action Date**

Fall Term 2005

Polk Community College (PCC)

Condition

For 15 students tested who officially withdrew during the Fall 2004 and Spring 2005 terms, we noted the following:

- For 6 of 15 students tested, the institution did not timely return unearned Title IV HEA funds totaling \$2,009 (PELL) within 30 days of the student's withdrawal. The days late ranged from 10 to 168 days.
- For students that did not take positive action within 45 days of notification of grant overpayments, the institution failed to immediately notify NSLDS and USED. Five of the 15 students required NSLDS and USED notification; however, for 2 of the students, notification of \$115 of Pell grant overpayments were 89 and 102 days late.

Similar findings were noted in reports No. 2005-158, finding No. FA 04-099 and 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 to notify NSLDS and USED of Pell grant overpayments.

Recommendation	The institution should enhance procedures to ensure the timely return of Title IV HEA funds and notification of NSLDS and USED.
PCC Response and Corrective Action Plan	NSLDS and USED are now notified of grant overpayments at the time the students are notified in writing of the obligation. Further, new internal procedures provide that the school's portion will be returned to the Title IV programs at the time the student is billed.
PCC Contact and Telephone Number	Teresa Vorous, Comptroller (863) 297-1089 Olivia Maultsby, Director Financial Aid (863) 297-1004
Estimated Corrective Action Date	January 1, 2006
<u>St. Petersburg College (SPC)</u>	
Condition	For 4 of 15 students tested who officially withdrew during the Fall 2004 and Spring 2005 terms, we noted the following: <ul style="list-style-type: none"> • For the 4 students, the institution did not timely return unearned Title IV HEA funds totaling \$1,355 (\$176 FFEL subsidized, \$392 FFEL unsubsidized, and \$787 PELL) within 30 days of the student's withdrawal. The days late ranged from 32 to 266. • For 2 of the 4 students, the institution notified the students of grant overpayments 53 and 191 days late. In addition, for 1 of these students, the institution did not timely notify NSLDS and USED when the student had not taken positive action within 45 days from the date the student was notified of the Pell grant overpayment. The number of days late was 109. In addition, for 1 of the 4 students, the institution used an incorrect withdrawal date, which resulted in the institution underpaying \$58 to the Pell grant program, and the Pell grant overpayment amount due from the student was understated by \$43. <p>Similar findings were noted in report No. 2005-158, finding No. FA 04-099.</p>
Cause	The institution did not have adequate procedures to document the student's last date of attendance for students that withdrew from all courses. The institution ran a weekly query which provided a listing of students who had withdrawn from all classes. Once the query was run, a withdrawal status was posted in the on-line student administration system and this was the date posted as the official withdrawal; however, the date was not always the date the student officially withdrew from all classes.
Recommendation	The institution should develop procedures, including system changes as applicable, to ensure the timely calculation and return of Title IV HEA funds to the applicable Federal programs and lenders, and the timely notification to students, NSLDS, and USED for grant overpayments. In addition, the institution should return \$58 to the Pell grant program and notify the student of the additional \$43 Pell grant overpayment owed.
SPC Response and Corrective Action Plan	The College is identifying any student who completely withdraws through weekly reports from the student system. For official withdrawals, the date of the last withdrawal from all classes is utilized to calculate the Return of Title IV Funds, when this date occurs on or before the completion of 60 percent of the term. The College will establish a policy to address the withdrawals that occur after the 60 percent point of the term. Those withdrawals may be deemed official or unofficial, depending on the circumstances. A WF grade is under consideration to identify an absenteeism policy exceeded instead of an actual withdrawal. Until then, those complete withdrawals made after the 60 percent point will be monitored for

attendance. If the Registrar finds a lack of attendance after the 60 percent point, the withdrawal will be considered unofficial and the Return of Title IV Funds calculation will be performed. Financial Aid staffs prepare the Return of Title IV Funds calculations and notifications within 30 days of notification of withdrawal by the Registrar's office. The \$58 was returned to Pell on Feb. 28, 2006, and the student has been notified of the additional \$43 Pell grant overpayment owed.

SPC Contact and Telephone Number

Marcia McConnell, Director of Scholarships & Financial Assistance
Martyn Clay, College Registrar, (727) 791-2442, (727) 712-5892

Estimated Corrective Action Date

May 15, 2006

Santa Fe Community College (SFeCC)

Condition

We reviewed the institution's records for 15 students who had officially withdrawn from the institution and had received Title IV HEA funds. For 6 of 15 students, the institution miscalculated the amounts to be returned for 5 students, and did not calculate the amount to be returned for 1 student, resulting in questioned costs totaling \$561 (\$36 PELL, \$516 FDSL subsidized, and \$9 FDSL unsubsidized). In addition, we noted the following regarding the 6 students;

- For 2 of the students, Title IV HEA funds were returned late (9 days and 9 months late, respectively);
- For 3 of the students, the institution incorrectly calculated the amount of the student grant overpayments (\$128 PELL); and
- For 4 of the students who owed grant overpayments during the fiscal year, the institution reported the overpayments to NSLDS 10 to 18 days late.

Cause

The institution was officially closed from September 3 to September 7, 2004, due to a hurricane, constituting a 5-day break. The institution did not consider the days the institution was closed when calculating the percentage of the payment period completed during the Fall term. The institution did not have adequate procedures to monitor when notices were due to NSLDS.

Recommendation

The institution should return \$561 (\$36 PELL, \$516 FDSL subsidized, and \$9 FDSL unsubsidized) to the appropriate Title IV HEA programs, revise its procedures to ensure the timely return of Title IV HEA funds and notification to NSLDS, and continue to monitor those procedures to ensure compliance. The institution should also notify the students of the \$128 Pell grant overpayments owed.

SFeCC Response and Corrective Action Plan

The College does not agree with the determination that hurricane days are part of a scheduled break and maintains that there are no natural disaster days scheduled on the school's calendar. The College calendar was approved by the State in January 2004 prior to the Fall 2004 term. Hurricane Frances hit Alachua and Bradford counties, SFeCC's service district, on the weekend of September 4, 2004, and the entire area was subsequently included in a declared Federal disaster area. The College understands that the term "scheduled" is the underlying essence of this disparity between the interpretation by the College and by the State Auditors office. As stated in the College's original response to the auditors, the percentage of the period of enrollment used by the College in the Return to Title IV HEA Funds (R2T4) calculations differ from the auditor's because the two days that the College was closed due to a natural disaster do not constitute a five-day scheduled break. This interpretation is supported by the 2004-2005 FSA Handbook, Volume 5, page 62, which states: "Please note that the beginning date of a scheduled break is defined by the school's calendar for the student's program." In addition, 34 CFR 668.22(f)(2)(i) states "The total number of calendar days in a payment period or period of enrollment includes all days within the period, except that scheduled breaks of at least five consecutive days are

excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period." The College received no guidance from the USDE that unscheduled Federal disasters should be included when calculating scheduled breaks of five or more consecutive days. The College has a 5-day scheduled break during its spring term and excludes it from the payment period when performing R2T4 calculations for spring term. Furthermore, the College's definition of an academic year was not compromised by the natural disaster.

With the above interpretation of scheduled break we state the following: 1) the College returned the correct amount of unearned funds for the 6 students cited, 2) the College was not nine months late in returning funds on student #4 because the student withdrew after the 60 percent point in the term; the College concurs that it was 9 days late on the one student cited, 3) the College correctly calculated the 3 students cited.

The four students were reported to NSLDS within a few days of the end of the 45-day period, and the College will continue to comply with the intent of the regulation.

SFeCC Contact and Telephone Number

Peggy Werts, Director of Financial Aid
(352) 395-5476

Estimated Corrective Action Date

January 31, 2006

Auditor's Remarks

Calculation Period – The institution's response states that the hurricane closure periods should not be excluded from the calculation period because those days were not considered scheduled breaks. As noted on page 5-62 of the 2004-05 FSA Handbook, "institutionally scheduled breaks of 5 or more consecutive days are excluded from the Return calculation as *periods of nonattendance* and therefore do not affect the calculation of the amount of Federal Student Aid earned." There were numerous GEN letters and other notifications sent by USED in regard to the hurricanes. The fact that there was no special treatment indicated for breaks reflects the fact that there were no changes (i.e., the rules in place for excluded breaks of 5 or more days remained unchanged). However, schools could request, on a case-by-case basis, administrative relief, at which time, the issue of the breaks could have been addressed. Based on inquiries to USED from the Auditor General's Office regarding the hurricane closures, USED staff indicated that when the schools were closed for 5 consecutive days or more, then that time period was considered as a scheduled break and should be excluded from the calculation (both for total days and days completed).

Since the institution was officially closed for five consecutive days, which is considered a period of nonattendance, the institution was required to revise its Return calculation formula to exclude the 5 days. Absent revising its Return calculation formula following the 5-day closing, the institution owes \$561 (\$36 PELL, \$516 FDSL subsidized, and \$9 FDSL unsubsidized).

Seminole Community College (SCC)

Condition

Of 15 students tested who officially withdrew from the institution during the Fall 2004 and Spring 2005 terms, and received Title IV HEA funds, we noted the following errors;

- For 12 of the 15 students, the institution returned \$4,620 of unearned Title IV HEA funds 121 to 276 days late (\$1,410 FFEL subsidized and \$3,210 PELL) and for the remaining 3 students, FFEL returns totaling \$1,260 (\$921 subsidized and \$339 unsubsidized) had not been completed as of December 8, 2005;

- Nine of the 15 students required notification of Pell grant overpayments. For 6 of the 9 students the institution notified the students 36 to 202 days late for Pell grant overpayments totaling \$1,754;
- For 8 of the 9 students with Pell grant overpayments, the institution notified NSLDS 33 to 160 days late for 7 of the students, and for 1 student, the date NSLDS was notified was not determinable.

Similar findings were noted in audit report No. 2005-158, finding No. FA 04-099.

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. An incorrect term end date was used for both the Fall 2004 and Spring 2005 terms, and the institution noted that there were staff shortages that contributed to the issues noted above.

Recommendation

The institution should enhance its established procedures to ensure the timely return of unearned Title IV HEA funds and notification of students and NSLDS of any grant overpayments, and should return \$1,260 (\$921 subsidized and \$339 unsubsidized) FFEL funds to the applicable lenders.

SCC Response and Corrective Action Plan

SCC acknowledges the audit finding. SCC has developed and implemented detailed procedures and system queries to identify official withdrawals, to assure the timely notification to students, applicable Federal Programs, the NSLDS and Lenders. To insure the consistent application of procedures, staffing has been increased and dedicated solely to monitoring enrollment activity for financial aid recipients. All affected student files from FY 04-05 have been reviewed and adjusted. Staff is now working on returning the funds and notifying the agencies.

SCC Contact and Telephone Number

Robert E. Lynn – Director, Student Financial Resources
(407) 708-2044

Estimated Corrective Action Date

Fall Term 2005

Tallahassee Community College (TCC)**Condition**

The institution failed to timely return unearned Title IV HEA funds totaling \$491 (FFEL subsidized) for 2 of 15 students tested. The returns were 64 and 78 days late. Also, the return for 1 of 15 students tested was miscalculated, resulting in a \$214 underpayment to the lender. Subsequent to audit inquiry, the additional \$214 FFEL (subsidized) was returned to the lender.

Cause

The \$214 miscalculation was caused by a programming error that did not read all fields for tuition and fees, which are required to be included in the institutional costs used in the calculation. During the 2004-05 award year, the institution had rewritten some programming code that added a second line for some types of tuition and fees, and the return to Title IV HEA program calculation was not updated to read the additional line. The timeliness errors were the result of clerical error due to a staff member's family illness. During the Spring 2005 term, staff inadvertently used the mid-point date instead of the 60 percent point on a few calculations. The institution corrected the programming error and reviewed the withdrawal dates for the Spring semester. The entire year's withdrawals were reviewed and the necessary corrections were completed. There were 14 additional students that required returns; all were completed on June 17, 2005.

Recommendation

The institution should monitor their established procedures to ensure returns of Title IV HEA funds are calculated correctly and timely returned to applicable programs and lenders.

**TCC Response and
Corrective Action Plan**

TCC concurs with the finding and has made appropriate changes to our computer system. In addition, all dates used for R2T4 must now be approved by the staff member's supervisor.

**TCC Contact and
Telephone Number**

William K. Spiers, Jr., Director of Financial Aid
(850) 201-6134

**Estimated Corrective
Action Date**

Corrective action complete.

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-103
CFDA Number	84.007, 84.032, 84.038, 84.063, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grant (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	Various
Finding Type	Material Noncompliance Questioned Costs – \$48,350 (\$750 FSEOG, \$9,643 FFEL subsidized, \$17,836 FFEL unsubsidized, \$3,467 FFEL PLUS, \$574 FPL, \$10,208 PELL, \$1,715 FDSL subsidized, and \$4,157 FDSL unsubsidized) (Student portion \$735 PELL)
Finding	Nine institutions had 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. In addition, students, NSLDS, and the U.S. Department of Education (USED) were not 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 the Title IV HEA programs, and did not always notify or timely notify students, NSLDS, and USED of grant overpayments. Also, because the institutions did not notify or timely notify students, NSLDS and USED of grant overpayments, students may have received Title IV HEA funds for which they were not eligible; and the institution may be allowing Title IV HEA funds to be used for purposes other than that for which they were intended.
Condition	<u>Florida Agricultural and Mechanical University (FAMU)</u> For 7 of 12 students tested who received any combination of all failing, withdrawn, or incomplete grades during the Fall 2004 or Spring 2005 term and received Title IV HEA funds, the institution did not return \$5,221 (\$1,630 FDSL subsidized and \$3,591 FDSL unsubsidized) to USED. A similar finding was noted in audit report No. 2005-158, finding No. 04-100.
Cause	The institution implemented a new accounting and records system that does not provide adequate information to ensure compliance with the accurate calculation and timely return of unearned Title IV HEA funds to the applicable programs.
Recommendation	The institution should enhance its procedures to ensure the accurate calculation, and timely return, of unearned Title IV HEA funds. The institution should also return \$5,221 (\$1,630 FDSL subsidized and \$3,591 FDSL unsubsidized) to USED.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. Procedures have been instituted to return \$5,211 (\$1,630 FDSL subsidized and \$3,591 FDSL unsubsidized) to the appropriate Federal programs. Effective with the Spring 2006 semester the institution has made the necessary technical adjustments to the PeopleSoft student software system and the process for the return of unearned Title IV HEA funds has been fully automated. This task has

been assigned to a specific administrator within the institution who has been fully trained in this process within the PeopleSoft system as well as the procedures and policies that are applicable to Title IV HEA funds. The institution has full confidence that all future calculations will be accurate and submitted within the required regulatory timeframes.

FAMU Contact and Telephone Number

Rufus R. Little, III
(850) 412-5480

Estimated Corrective Action Date

January 1, 2006

Florida International University (FIU)

Condition

Of 15 students tested who unofficially withdrew and received Title IV HEA funds during the Fall 2004 or Spring 2005 term, we noted the following:

- For the 15 students, the institution determined the student's withdrawal dates 4 to 100 days late.
- For 11 of the 15 students, the institution did not timely return Title IV HEA funds to the programs and lenders. For 10 of the students, funds totaling \$6,365 (\$1,005 FFEL subsidized, \$3,850 FFEL unsubsidized, and \$1,510 PELL) were returned 13 to 225 days late; and for the other student, funds totaling \$4,740 (\$1,273 FFEL subsidized and \$3,467 PLUS) had not been returned to the lender as of January 11, 2006, 256 days late.
- For 7 of the 15 students, notifications of Pell grant overpayments were required. Four of the 7 notifications were 13 to 28 days late.
- It is the institution's policy to return the students portion (when applicable) of Pell grant overpayments. For 1 of the 7 students, the institution returned a \$299 student overpayment 51 days late.

Cause

The institution's procedures were not adequate to timely identify students who unofficially withdrew. The exceptions noted by our audit were contributed to by the implementation of a new financial aid records system.

Recommendation

The institution should enhance its procedures to ensure timely identification and return of Title IV HEA funds for those students who unofficially withdraw prior to the 60 percent point of the payment period, and timely notification of students of grant overpayments. In addition, the institution should return Title IV HEA funds totaling \$4,740 (\$1,273 FFEL subsidized and \$3,467 FFEL PLUS) to the applicable programs and lenders.

FIU Response and Corrective Action Plan

As of January 21, 2006 funds totaling \$4,740 (\$1,273 FFEL subsidized and \$3,467 PLUS) have been returned to the appropriate lender.

The institution has implemented enhanced procedures to determine, within 30 days after the end of the payment period, whether Title IV HEA Funds were earned for the students who cease attendance without providing official notification to the institution of their withdrawal. An 'F0' grade is used by faculty to identify those students who were not in attendance to earn a grade. The Financial Aid Office sends a communication to the student that is identified as an unofficial withdrawal alerting them and giving them a 10 day window to dispute this grade and status. Upon the expiration of the 10 day window, an R2T4 calculation is posted at the 50 percent mark.

Notifications of Pell grant overpayments are now being mailed in a timely fashion. We will enhance the process by adding an additional step to monitor notifications via the R2T4 Funds Tracking screen. This screen records information on the

following: Institutional determination date, days elapsed, a checkbox to set when the student is notified and the date of notification.

As with the official withdrawal process, additional steps have been added to the R2T4 process. Upon processing a calculation, staff will post the return of funds, for the loans, to the appropriate CL Fund Maintenance screen. Thus executing the request for funds to be returned via EFT to the appropriate lender. The return of funds is sent on a weekly basis and a binder is kept in the office of all the transactions processed, including the wire transfer for the returns.

FIU Contact and Telephone Number

Ida Pabon, Associate Director, (served as Acting Director of Office of Financial Aid during audit period), (305) 348-2339

Estimated Corrective Action Date

April 2006

Florida State University (FSU)

Condition

In the Spring 2005 term, the institution began converting to a new grade submission system. However, subsequent to audit inquiry, the institution determined that, as a result of several unforeseen circumstances, not all students receiving Title IV HEA funds who ceased attendance without providing official notification to the institution of their withdrawal were correctly identified. The institution subsequently returned an additional \$26,530 (\$750 FSEOG, \$5,908 FFEL subsidized, \$11,461 FFEL unsubsidized, \$574 FPL, and \$7,837 PELL) in unearned Title IV HEA funds to the applicable Federal programs and lenders. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-100.

Cause

The institution's established procedures did not detect this error during the conversion to the new grade submission system.

Recommendation

The institution should monitor its compliance with established procedures to ensure the accurate and timely return of unearned Title IV HEA funds.

FSU Response and Corrective Action Plan

This was a one time issue related to the timing of grade submission through both the opscan process and the pilot on-line grade submission process. Effective Summer 2005 all grades and Title IV attendance information are submitted on-line which eliminates the above mentioned incident.

FSU Contact and Telephone Number

Tim Martin, University Registrar
(850) 644-5887

Estimated Corrective Action Date

Completed August 2005.

University of Florida (UF)

Condition

For 9 of 14 students tested who unofficially withdrew during the Spring 2005 term, returns to Title IV HEA programs were required. However, the institution did not timely determine the withdrawal date, resulting in determinations ranging from 9 to 12 days late. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-100.

Cause

The institution's procedures allowed 30 days after the date of the academic progress report, rather than the end of the academic term, to make the determination.

Recommendation

The institution should enhance its procedures to ensure that it promptly identifies students who have unofficially withdrawn from the institution and timely returns unearned Title IV HEA funds to the applicable programs.

UF Response and Corrective Action Plan

The University agrees with auditor's finding. The University continues to enhance its procedures for determining unofficial withdrawals. The Office Student Financial Affairs has corrected its method for establishing a deadline for date of

determination to begin with the last day of classes rather than the date of report production after grades have run. Also, beginning with the 05-06 academic year, the University has modified its grade reporting process to help expedite determination of unofficial withdrawals. For students who earn a failing grade, faculty will include a code on the grade report indicating whether the failure was due to non-attendance, failure to complete the term or an academic failure to master the coursework. The use of this code will reduce a number steps in the unofficial withdrawal process and reduce the number of times Student Financial Affairs must contact instructors for further information about class attendance. Also, it should be noted that all funds subject to Return of Title IV for these students identified in the audit comment were properly returned within 30 days of the date when the unofficial determination should have been made.

**UF Contact and
Telephone Number**

Karen Fooks
(352) 392-1275

**Estimated Corrective
Action Date**

August 2006

Okaloosa-Walton College (OWC)

Condition

For 18 of 24 students tested who unofficially withdrew during the Fall 2004 and Spring 2005 terms returns of Title IV HEA funds were required. The following errors were noted:

- For 3 of the 18 students, the institution did not determine the unofficial withdrawal dates and calculate the return of the Title IV HEA funds until subsequent to audit inquiry, on July 20, 2005. The determinations and calculations were 185 days late for two students and 48 days late for the third student.
- For 9 of the 18 students, the institution miscalculated the institution portion of the returns which resulted in \$969 (\$46 FFEL subsidized, \$339 FFEL unsubsidized, and \$584 PELL) underpaid for 6 students and \$65 (\$16 FFEL subsidized and \$49 PELL) overpaid for the remaining 3 students, of which \$37 was an overpayment of the student's post withdrawal disbursement and should be returned to the Pell grant program. After we advised the institution of the errors, the institution recalculated amounts to be returned and returned an additional \$445 (\$46 FFEL subsidized and \$399 PELL), leaving \$524 (\$339 FFEL unsubsidized and \$185 PELL) owed of the institution's portion of the returns. The student's portions owed after recalculation totaled \$404 PELL.
- For 11 of the 18 students, notifications of Pell grant overpayments were required. Two of the 11 notifications totaling \$328 were not sent.
- For 6 of the 11 students, the institution did not report Pell grant overpayments to NSLDS or USED timely and reported incorrect amounts. Four students were reported from 17 to 23 days late and two students' amounts were reported incorrectly. One student's amount reported was \$101 instead of the correct amount of \$160, and the other student's amount was reported as \$59, although the student had already repaid the amount and should not have been reported.

Cause

The institution was closed for 8 days during the Fall 2004 term while it recovered from the effects of Hurricane Ivan. The institution did not exclude the 8-day break when calculating returns of Title IV HEA funds for students who withdrew after the break. As a result, the institution miscalculated the return amounts for students who withdrew after the hurricane break. When we brought this to the institution's attention, the institution attempted to recalculate the returns for the affected

students; however, for the 9 students noted, the recalculations were in error and the correcting process had not been completed as of January 18, 2006. For the 9 students noted, the institution's recalculations of the institution's net portion to be returned were understated by \$506; and the overpayments owed by the students were understated by \$70. Additionally, the institution's procedures were not adequate to timely identify students who unofficially withdrew, to ensure the return of Title IV HEA funds were calculated and timely returned to the applicable programs, and to ensure that notifications to the students, NSLDS, and USED were accurate and completed in a timely manner.

Recommendation

The institution should implement procedures to ensure that students who unofficially withdraw are identified timely, that calculations are timely and correct, and that Title IV HEA funds are timely returned to the applicable programs. In addition, the institution should implement procedures that ensure notifications to students, NSLDS, and USED are accurate and timely, and the institution should return the remaining \$524 (\$339 FFEL unsubsidized and \$185 PELL) to the applicable Federal programs and lenders. Additionally, the institution should review the recalculations and ensure that all required returns are corrected and completed, any funds owed are returned to the Title IV HEA programs, and students are properly notified.

OWC Response and Corrective Action Plan

For those students affected by Hurricane Ivan, OWC has reviewed the recalculations and returned Title IV Funds to the applicable program. OWC has changed its Excessive Absence Form to allow instructors to identify students as "No Shows", and a date field modification was made to the on-line records to electronically collect and report this data to the Financial Aid Office. Additionally, when a student is reported with excessive absences, the FAO is now contacting each instructor on the student's schedule, verifying attendance in other courses as well.

OWC Contact and Telephone Number

Christine (Chris) Bishop or Patricia (Pat) Bennett
(850) 729-4901 or (850) 729-5370

Estimated Corrective Action Date

August 22, 2005

Palm Beach Community College (PBCC)

Condition

We tested 15 students who unofficially withdrew and received Title IV HEA funds during the Fall 2004 and Spring 2005 terms, and we noted the following:

- The institution was closed for 10 days during the Fall term due to Hurricane Frances. The institution did not exclude the days closed when determining the percentage of the payment period completed for students who unofficially withdrew during the Fall term. For 2 of the 8 students tested in the Fall term, the institution should have returned an additional \$48 in Pell grant funds. In addition, 1 of the 8 students owed an additional \$22 to the Pell grant program.
- For students who did not take timely positive action within 45 days of notification of a grant overpayment, the institution failed to immediately notify NSLDS. Nine of the 15 students tested required NSLDS notification, and 4 of the notifications were from 12 and 25 days late. In addition, although the institution provided documentation to evidence that the USED was notified of student grant overpayments, the documentation was not dated, so it was not possible to determine if the notification was timely.

Similar findings were noted in reports No. 2005-158, finding No. FA 04-100 and No. 2004-168, finding No. 03-82.

Cause

The institution did not always follow its procedures to timely return funds to Title IV HEA programs, and to timely notify NSLDS of grant overpayments, due to staff turnover. In addition, the institution was not aware of the requirement to treat

	hurricane closure days as a "scheduled break" when calculating Title IV returns.
Recommendation	The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds, and notification of NSLDS and USED, and continue to monitor those procedures for compliance. In addition, the \$48 should be returned to the Pell grant program, and the student should be notified of the \$22 grant overpayment.
PBCC Response and Corrective Action Plan	The college understands the auditor's finding and has initiated corrective actions to cause us to be in full compliance with all Title IV requirements.
PBCC Contact and Telephone Number	Amy McDonald (561) 868-3391
Estimated Corrective Action Date	Fall Term 2005
	<u>St. Petersburg College (SPC)</u>
Condition	Of 15 students tested who unofficially withdrew from all classes during the Fall 2004 and Spring 2005 terms, and received Title IV HEA funds, 7 students required returns for which we noted the following errors: <ul style="list-style-type: none"> • For all 7 of the students, the institution did not determine, within 30 days after the end of the payment period, whether funds totaling \$2,760 (\$709 FFEL subsidized, \$1,838 FFEL unsubsidized, and \$213 PELL) were earned. Subsequent to audit inquiry, the determinations were made from 134 to 334 days late. • For 4 of the 7 students, the unearned Title IV HEA funds to be returned by the institution, totaling \$1,498 (\$1,285 FFEL unsubsidized and \$213 PELL) were returned from 21 to 33 days late.
Cause	The institution did not have adequate procedures to identify students who unofficially withdrew prior to the 60 percent point of the payment period or to document the last date of attendance for those students. The institution has a grade date field in their on-line student administration system that records when a grade is posted. The institution used this grade date to determine when a student withdrew; however, our review disclosed that this date was not always accurate for the last date of attendance.
Recommendation	The institution should develop procedures, including system changes as applicable, to ensure timely determination of unofficial withdrawals and return of unearned Title IV HEA funds.
SPC Response and Corrective Action Plan	The College is identifying students who have received a combination of failing grades and/or withdrawals for the term through weekly reports from the student system. The College is now using the midpoint (50 percent) of the payment period or term as the date of complete withdrawal for students who have been identified as unofficially withdrawn from the College. This complies with guidance provided in Code of Federal Regulation 34 CFR 668.22(c)(1)(iii). Financial Aid staffs prepare the Return of Title IV Funds calculations and notifications within 30 days of notification of term withdrawal by the Registrar's office.
SPC Contact and Telephone Number	Marcia McConnell, Director of Scholarships & Financial Assistance Martyn Clay, College Registrar, (727) 791-2442, (727) 712-5892
Estimated Corrective Action Date	April 4, 2006

Santa Fe Community College (SFeCC)

Condition	<p>For 8 of 15 students tested who unofficially withdrew during the audit period, we noted the following errors:</p> <ul style="list-style-type: none"> • For the 8 students, the institution untimely determined the unofficial withdrawal dates, ranging from 5 to 30 days late. • For 4 of the 8 students, the institution did not calculate a return for one student and incorrectly calculated the returns for 3 students resulting in questioned costs totaling \$667 (\$16 PELL, \$85 FDSL subsidized, and \$566 FDSL unsubsidized) due from the institution and \$10 PELL due from one student. • For 3 of the 8 students, the institution untimely returned unearned Title IV HEA funds, ranging from 4 days to 6 months late.
Cause	<p>The institution was officially closed from September 3 to September 7, 2004, due to a hurricane, constituting a 5-day break. The institution did not consider the days the institution was closed, or used the incorrect date as the last day of attendance, when calculating the percentage of the payment period completed during the Fall term. The institution did not follow its established procedures to timely identify students who unofficially withdrew.</p>
Recommendation	<p>The institution should return \$667 (\$16 PELL, \$85 FDSL subsidized, and \$566 FDSL unsubsidized) to the applicable Federal programs and enhance its established procedures to ensure the accurate and timely return of unearned Title IV HEA funds. The institution should also notify the student of the \$10 grant overpayment.</p>
SFeCC Response and Corrective Action Plan	<p>SFeCC disagrees with the auditor's finding that the College "has 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." The College received guidance from the USDE at a Florida Association of Student Financial Aid Administrators conference held on June 9, 2004, that stated the following:</p> <ul style="list-style-type: none"> • Unofficial withdrawal procedures (not required to take attendance) <p>--Students that completely withdraw from school but fail to adhere to official withdrawal procedures</p> <p>--Must identify within 30 days after the expiration of the earlier-</p> <ul style="list-style-type: none"> • Payment period or period of enrollment • Academic year or • Educational program <p>--30 days from date identified (or date required to identify) to perform calculation and send funds back"</p> <p>This guidance was provided by an Institutional Improvement Specialist, U.S. Department of Education, Atlanta Case Management Team. The College revised its procedures regarding the handling of unofficial withdrawals for the 2004-2005 award year based on this guidance. The College has a computer program for standards of academic progress that runs at the time of grade processing at the end of each major term (e.g., fall semester). One feature of this process identifies all Title IV recipients who completed no credit hours for the payment period and who unofficially withdrew. As part of SFeCC's procedure, the College takes the full 30 days from the end of the payment period to identify the students who have unofficially withdrawn. At the end of that 30 days, the College takes up to an</p>

additional 30 days to perform the Return of Title IV HEA Funds (R2T4) calculation and return the funds to the Federal government (essentially 60 days).

When this became a finding, we contacted USDE on 12/2/05 and 1/13/06 to confirm the guidance. The USDE confirmed that the school can develop its procedures to reflect that it will take the full 30 days from the end of the payment period to identify the students who have unofficially withdrawn and another 30 days from that point to perform the R2T4 calculation and return funds. The USDE interprets 34 CFR 668.22(j)(2) as providing the institution 30 days from the end of the payment period to identify the students who unofficially withdrew. This is supported by the 2004-2005 FSA Handbook, Vol. 5, page 56, which states: "...Section 34 CFR 668.22(j)(2) requires that a school have a mechanism in place for identifying and resolving instances where a student's attendance through the end of the period cannot be confirmed. That is, institutions are expected to have procedures for determining when a student's absence is a withdrawal. The school must make that determination as soon as possible, but no later than 30 days after the end of the earlier of 1. the payment period or period of enrollment, as applicable;....". Additionally the USDE interprets 34 CFR 668.22(j)(1) as allowing another 30 days to perform the R2T4 calculation and to return the funds. Also noteworthy is 668.22(c)(1)(iii), which states that for institutions that are not required to take attendance (which applies to SFeCC) the withdrawal date for students who cease attendance without providing official notification to the institution is the mid-point of the payment period. The USDE allows the institution to establish its own procedures to identify the unofficial withdrawals within 30 days from the end of the payment period, and that it is reasonable to expect the institution will use this time to discover the most accurate date of withdrawal (e.g., a record that documents the student attended beyond the 60 percent point in the term and therefore would not owe a repayment). After a preliminary exit conference with the auditors on January 11, 2006, and a conversation with USDE on January 13, 2006, we realized that there was a serious difference in the interpretation of the regulations.

As discussed in response to the above finding on Official Withdrawals, the hurricane days were not part of a scheduled break and the R2T4 calculations were performed accurately.

In the first 8 cases cited, the College properly identified the students as unofficial withdrawals in compliance with Federal regulations as noted above. The College disagrees with the finding that three of the four R2T4 calculations were done incorrectly based on the issue of natural disasters not being included in a scheduled break.

The College concurs on the 4th student that it incorrectly determined the last date of attendance and therefore miscalculated the R2T4 and has repaid \$85.00 in FDSL subsidized loan on 1-25-2006. The College also concurs that it returned funds late for two of the three students cited, 4 and 21 days late; however, due to the Colleges position on scheduled breaks the R2T4 calculation was performed correctly on the third student as he attended beyond the 60 percent point in the term.

The College will continue to follow procedures to ensure accurate and timely return of unearned Title IV HEA funds.

**SFeCC Contact and
Telephone Number**

**Estimated Corrective
Action Date**

Peggy Werts, Director of Financial Aid
(352) 395-5476

January 31, 2006

Auditor's Remarks

Calculation Period – The institution's response states that the hurricane closure periods should not be excluded from the calculation period because those days were not considered scheduled breaks. As noted on page 5-62 of the 2004-05 FSA Handbook, "institutionally scheduled breaks of 5 or more consecutive days are excluded from the Return calculation as *periods of nonattendance* and therefore do not affect the calculation of the amount of Federal Student Aid earned". There were numerous GEN letters and other notifications sent by USED in regard to the hurricanes. The fact that there was no special treatment indicated for breaks reflects the fact that there were no changes (i.e., the rules in place for excluded breaks of 5 or more days remained unchanged). However, schools could request, on a case-by-case basis, administrative relief, at which time, the issue of the breaks could have been addressed. Based on inquiries to USED from the Auditor General's Office regarding the hurricane closures, USED staff indicated that when the schools were closed 5 consecutive days or more, then that time period was considered as a scheduled break and should be excluded from the calculation (both for total days and days completed).

The institution acknowledges that it "takes the full 30 days from the end of the payment period to identify the students who have unofficially withdrawn." The institution also concurs that it returned funds for 2 students "4 and 21 days late," which is based on the documented dates of determination. The documentation that the institution provided the auditor evidencing their determination of the unofficial withdrawal date for the 8 students cited was dated from 35 to 60 days after the end of the payment period. Absent revising its Return calculation formula following the 5-day closing, the institution owes \$667 (\$16 PELL, \$85 FDSL subsidized, and \$566 FDSL unsubsidized).

Seminole Community College (SCC)**Condition**

Of 15 students tested who unofficially withdrew during the Fall 2004 and Spring 2005 terms, and received Title IV HEA funds, 10 students required returns for which we noted the following errors:

- For the 10 students, the institution did not determine within 30 days after the payment period whether funds were earned. Such determinations were made from 32 to 34 days late.
- For the 10 students, the returns were calculated incorrectly, resulting in de minimus understatements in amounts returned by the institution and Federal Pell grant amounts due from students.
- For 7 of the 10 students, the institution did not timely return Title IV HEA funds to the programs and lenders. Four of the 7 returns totaling \$3,323 (\$1,354 FFEL subsidized and \$1,969 PELL) were 9 to 89 days late. For the remaining 3 returns, FFEL funds totaling \$1,050 (\$702 subsidized and \$348 unsubsidized) had not been returned as of December 8, 2005.
- For 6 of the 10 students, notifications of Pell grant overpayments were required. Four of the 6 notifications were 49 days late. In addition, for 3 of these 4 notifications, the grant overpayment amounts were incorrect.
- For 5 of the 6 students, positive action was not taken within 45 days of notification of Pell grant overpayments totaling \$1,030. Subsequent to audit inquiry, NSLDS notifications were sent 36 to 62 days late.

Similar findings were noted in audit report No. 2005-158, finding No. FA 04-100.

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 NSLDS of grant overpayments. An incorrect term end date was used for both the Fall 2004

and Spring 2005 terms, and the institution noted that there were staff shortages that contributed to the issues noted above.

Recommendation

The institution should 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, the remaining \$1,050 of FFEL funds (\$702 subsidized and \$348 unsubsidized) should be returned to the lender.

**SCC Response and
Corrective Action Plan**

SCC acknowledges the audit finding. SCC has developed and implemented detailed procedures and system queries to identify unofficial withdrawals, to assure the timely notification to students, applicable Federal Programs, the NSLDS and Lenders. To insure the consistent application of procedures, staffing has been increased and dedicated solely to monitoring enrollment activity for financial aid recipients. All affected student files from FY 04-05 have been reviewed and adjusted. Staff is now working on returning the funds and notifying the agencies.

**SCC Contact and
Telephone Number**

Robert E. Lynn – Director, Student Financial Resources
(407) 708-2044

**Estimated Corrective
Action Date**

Fall Term 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-104
CFDA Number	84.007, 84.032, 84.063, and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grants (FSEOG) 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 – Non Attendance
State Educational Entity	Various
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$37,619 (\$600 FSEOG, \$13,030 FFEL subsidized, \$7,275 FFEL unsubsidized, \$5,012 PELL, \$1,953 FDSL subsidized, \$2,680 FDSL unsubsidized, and \$7,069 FDSL PLUS)
Finding	Three institutions 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 grades.
Criteria	34 CFR 668.21, 682.604(d)(4)(i/ii), and 685.303(b)(3)(i/ii)
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. <u>Florida Agricultural and Mechanical University (FAMU)</u>
Condition	For 5 of 12 students tested, the institution did not document that the students attended at least one class during the semester. Title IV HEA funds received by the 5 students totaled \$11,702 (\$1,953 FDSL subsidized, \$2,680 FDSL unsubsidized, and \$7,069 FDSL PLUS).
Cause	The institution did not continue to use the grade roster procedure that had been previously implemented because, effective July 2004, the institution had implemented a new automated records system that was intended to replace the grade roster procedures; however, the system did not operate as expected.
Recommendation	The institution should develop adequate procedures to monitor and document attendance in at least one class for students who receive Title IV HEA funds. Also, the institution should repay the questioned costs totaling \$11,702 (\$1,953 FDSL subsidized, \$2,680 FDSL unsubsidized, and \$7,069 FDSL PLUS) to the appropriate Title IV HEA programs.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. Procedures have been instituted to return \$11,702 (\$1,953 FDSL subsidized, \$2,680 FDSL unsubsidized and \$7,069 PLUS) to the appropriate Federal programs. Commencing with the Fall 2005 semester, the institution has implemented an attendance procedure whereby all faculty members are required to provide data at the beginning of the academic term for each student who is listed on the class roster. This data indicates whether the student has attended class at least once and provides the date of that attendance. This procedure will ensure that students who are receiving Title IV HEA funds have attended at least one class.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	August 1, 2005

Florida Atlantic University (FAU)

Condition	For 2 of 15 students tested who received all failing, incomplete, or withdraw grades, the institution did not timely determine that the students attended at least one class. Subsequent to audit inquiry, the determinations were made 183 and 272 days late, and the unearned Title IV HEA funds returned by the institution for the two students totaled \$9,770 (\$3,803 FFEL subsidized, \$4,448 FFEL unsubsidized, and \$1,519 PELL)
Cause	Institution personnel have procedures in place to identify and return unearned Title IV HEA funds to their respective programs and lenders. However, although professors coded these students based upon a particular attendance code, the institution did not provide documentation supporting these students' attendance.
Recommendation	The institution should enhance procedures to ensure faculty assign proper attendance codes to the grade reporting system and retain documentation to support the student's attendance. In addition, the institution should timely determine those instances when a student has not attended at least one class during a term and return Title IV HEA funds as required.
FAU Response and Corrective Action Plan	The institution has clarified instructions for professors emphasizing that documentation is required for their responses in the web-based grade reporting system. Response time for making determinations of class attendance have greatly been enhanced since faculty are now required to use web for students which allows for reports to be generated instead of calling/writing to professors on an individual basis.
FAU Contact and Telephone Number	Carole Pfeilsticker, Director, Student Financial Aid (561) 297-3528
Estimated Corrective Action Date	June 30, 2006

University of Central Florida (UCF)

Condition	For 5 of 20 students tested, the institution was unable to provide documentation that the students attended at least one class during the semester. Title IV HEA funds disbursed for the 5 students totaled \$19,893. The institution had already returned \$3,746 of these funds to lenders and programs utilizing the 50 percent return method for students who unofficially withdrew before the 60 percent point in the term; however, this method may only be utilized once it has been documented that a student has attended at least one class. A similar finding was noted in report No. 2005-158, finding No. FA 04-101.
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.
Recommendation	The institution should develop adequate procedures to monitor and document attendance in at least one class for students who receive Title IV HEA funds. The institution should also return \$16,147 (\$600 FSEOG, \$9,227 FFEL subsidized, \$2,827 FFEL unsubsidized, and \$3,493 PELL) to the appropriate Title IV HEA lenders and programs.
UCF Response and Corrective Action Plan	Our current grade reporting and attendance documentation process is currently being enhanced to take attendance for all students early in the term. This will confirm that the student began attendance in classes. Professors will continue to identify the unofficial withdrawal dates of students on the official Grade Report at the end of each term.

Subsequent to the audit, we received verification of attendance for two additional students and are currently returning funds for the remaining students that we are unable to confirm attendance. Appropriate documentation has been forwarded to the State auditors verifying the students' attendance.

**UCF Contact and
Telephone Number**

Mary McKinney, Executive Director, Student Financial Assistance
(407) 823-2827

**Estimated Corrective
Action Date**

March 15, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-105
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 Files
State Educational Entity	Various
Finding Type	Material Noncompliance
Finding	Thirteen institutions did not always timely and accurately report changes in FFEL or FDSL student loan borrowers' enrollment status. Unless the institution expects to submit its next roster file (enrollment date) to NSLDS within 60 days, it must notify 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 timely notified with accurate information, NSLDS may not have current data on FFEL or FDSL student loan borrowers' enrollment status and the U.S. Department of Education (USED) may not be aware when a student ceases at least half-time enrollment, thereby not starting the grace period for repayment of student loans.
	<u>Florida Agricultural and Mechanical University (FAMU)</u>
Condition	Enrollment status changes were not timely reported to NSLDS for 13 of 18 students who ceased at least half time enrollment. Days late ranged from 21 to 173 days. In addition, for 12 of the 18 students that were reported to NSLDS, the enrollment status was incorrect and, for 15 of 18 students, the effective dates reported to NSLDS were incorrect.
Cause	The institution's established NSLDS reporting procedures are not adequate to ensure that FDSL student loan borrowers' enrollment status changes are reported accurately and timely to NSLDS. The institution implemented a new accounting and records system that does not provide adequate information to ensure compliance with NSLDS reporting requirements.
Recommendation	The institution should enhance both electronic and manual procedures to monitor FDSL student loan borrower's enrollment changes to ensure that NSLDS reporting complies with Federal regulations.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The institution has made technical modifications to the PeopleSoft student software system which commencing with the Spring 2006 semester will ensure that student enrollment status changes are being captured and reported to the National Student Loan Clearinghouse, the contracted party for the reporting of this information to the National Student Loan Delivery System. This reporting is taking place every 30-40 days.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	January 1, 2006

Florida Gulf Coast University (FGCU)**Condition**

For 7 of 15 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half-time, we noted the following:

- The institution reported enrollment status changes to NSLDS 71 to 173 days late.
- The institution incorrectly reported the students' enrollment status. For 2 of these students, the enrollment status was reported as half-time when they had withdrawn during the term, and for the other 5 students, the enrollment status was reported as withdrawn when they had actually graduated.

A similar finding was noted in report No. 2005-158, finding No. FA 04-102.

Cause

The incorrect and untimely reporting of enrollment status changes for the instances disclosed by our test were caused by errors in the institution's reporting software.

Recommendation

The institution should enhance its procedures to ensure that enrollment status changes for FFEL student loan borrowers, who cease at least half-time enrollment, are accurately and timely submitted to NSLDS.

FGCU Response and Corrective Action Plan

FGCU is improving accountability for reporting changes in FFEL student loan borrowers' enrollment status by having a single department responsible for the entire reporting procedure. Also, the efficiency and effectiveness of the reporting procedure will be improved because the University will be using the National Student Clearinghouse to report to NSLDS. FGCU is in the final testing stages with the National Student Clearinghouse. Once this is completed, the Registrar's Office at FGCU will be regularly reporting enrollment status information to the National Student Clearinghouse, which will in turn report that information to NSLDS. Using the Clearinghouse to report to NSLDS, and monitoring the results, will ensure that the University complies with regulations regarding reporting student status changes. Students whose enrollment ceases to be at least half time will have their grace period and repayment started within the appropriate timeframe.

FGCU Contact and Telephone Number

Anne Hart, Associate Director, Financial Aid
(239) 590-7965

Estimated Corrective Action Date

By June 30, 2006

Florida International University (FIU)**Condition**

The enrollment status changes for 10 of 17 FFEL student loan borrowers tested were reported to NSLDS between 7 to 60 days late. Also, for 10 of the 17 students (6 of the original 10 that were late, and 4 additional students), enrollment status changes were incorrectly reported. The institution's grading system allows students to drop courses late in the term while remaining fee liable, which is known as a fee liable drop grade. The fee liable drops are, at times, assigned within the same semester that the student is seeking the late drop. However, the student status reporting system identified these students as being enrolled in courses they had dropped, although the students were no longer enrolled.

Cause

The institution's reporting system used to capture student enrollment status changes did not accurately or timely report enrollment information to NSLDS. Additionally, the institution relies on the National Student Clearinghouse (NSC) for transmitting student enrollment status changes to NSLDS, but did not have monitoring procedures in place to ensure that NSC was timely submitting enrollment data to NSLDS.

Recommendation	The institution should review its reporting system and enhance procedures to ensure that enrollment status changes for FFEL student loan borrowers, which cease at least half-time enrollment, are accurate and timely submitted to NSLDS. Also, the institution should work closely with NSC and NSLDS to correct any submission problems or develop alternative procedures to timely provide NSLDS with students' enrollment status information.
FIU Response and Corrective Action Plan	<p>The Registrar's Office will take the following corrective actions:</p> <p>(1) All students with fee liable drop grades who are no longer in attendance will be monitored regularly. Necessary updates will be made on the live data at NSLC.</p> <p>(2) An internal review will be conducted from Fall 2004 through Fall 2005 to ensure correct status changes are submitted to NSLC.</p> <p>(3) University will contact NSLC to identify and correct submission problems. If they are unable to deliver we will explore other options for submitting all changes to NSLDS.</p>
FIU Contact and Telephone Number	Donna Yff, University Registrar (305) 348-2460
Estimated Corrective Action Date	For items (1) and (2) corrections will be made directly to the records or will be sent to NSLC by March 30, 2006. For item (3) we anticipate corrective measures will take place by June 30, 2006.
<u>Florida State University (FSU)</u>	
Condition	Student status changes for 14 of 20 students tested were either not reported or not reported timely to NSLDS. The numbers of days late ranged from 3 to 186 days for 12 students. For the remaining 2 students, the Fall 2004 student status changes had not been reported as of May 31, 2005. 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. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-102.
Cause	The institution relies on the National Student Clearinghouse (NSC) 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	The institution should work with NSC 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	The University changed its reporting cycle to the Clearinghouse from 3 times a semester to a monthly reporting of student enrollment data. Management will monitor this new reporting cycle and after one academic year determine if it is effective in eliminating delays in reporting enrollment data to NSLDS.
FSU Contact and Telephone Number	Tim Martin, University Registrar (850) 644-5887
Estimated Corrective Action Date	August 2005

New College of Florida (NC)

Condition	For 8 of 11 students tested, enrollment status changes were not reported to NSLDS within 60 days of the status change. The enrollment status changes were reported 21 to 193 days late.
Cause	Although scheduled transmission dates for reporting student enrollment status changes exist, the institution did not timely report these changes to NSLDS. For 5 of 8 FFEL student loan borrowers, the institution had mistakenly considered student emergency leaves as meeting the criteria for an approved leave of absence. Subsequently, the institution revised their procedures to correctly report student emergency leaves as withdrawn status to NSLDS. The remaining 3 students withdrew for various reasons.
Recommendation	The institution should continue to strengthen its efforts to ensure the prompt notification of changes in enrollment status to NSLDS.
NC Response and Corrective Action Plan	The College agrees with the finding. Upon being made aware of the deficiency, action was taken immediately to revise the Registrar's procedures to correctly report student emergency leaves as "Withdrawn" status to NSLDS. The College provides status change reports to NSLDS on three separate occasions each semester.
NC Contact and Telephone Number	Mr. Adrian Cornelius, New College Registrar (941) 359-4230 (SUNCOM 546-4320)
Estimated Corrective Action Date	Corrective Action was completed on September 2, 2005.

University of Central Florida (UCF)

Condition	For 14 of 17 FFEL student loan borrowers tested, enrollment status changes were reported to NSLDS late. Thirteen students' status changes were reported 24 to 107 days late and the other student's status change was reported 216 days late. Similar findings were noted in previous audit reports, most recently in report No. 2005-158, finding No. FA 04-102.
Cause	The institution did not have adequate procedures to timely notify NSLDS of FFEL student borrowers' enrollment status changes. According to the institution, the implementation of an upgrade to its student records system in the Fall semester caused delays in transmitting enrollment data.
Recommendation	The institution should enhance its procedures to monitor and timely report FFEL student loan borrowers' enrollment status changes to NSLDS.
UCF Response and Corrective Action Plan	Procedures in the Registrar's Office have been modified for FY 05/06 and beyond as follows: <ol style="list-style-type: none"> 1. Three additional transmission dates were added to the National Student Clearinghouse beginning with February 2005. 2. An automated process has been developed, tested and included in established office operational calendar to improve accuracy and identify student status changes. 3. Additional Registrar's Office personnel monitor National Student Clearinghouse web site to verify that the transmission was received two days later and that the transmission has been processed three days thereafter.
UCF Contact and Telephone Number	Dennis Dulniak, University Registrar (407) 823-3100
Estimated Corrective Action Date	February 21, 2005

Gulf Coast Community College (GCCC)

Condition	For 6 of 20 FFEL student loan borrowers tested, the institution reported the change in enrollment status to NSLDS from 8 to 26 days late. For 1 of the 20 students tested, subsequent to audit inquiry, the institution reported the change in enrollment status 164 days late.
Cause	The institution relies on the National Student Clearinghouse (NSC) for transmitting student enrollment status changes to NSLDS. The institution did not always timely report enrollment status changes to NSC, and NSC did not always timely submit the institution's enrollment data to NSLDS. The institution did not have procedures to monitor that NSC was timely submitting their enrollment data to NSLDS.
Recommendation	The institution should work with NSC and NSLDS to correct the submission problem or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information. The institution should have a monitoring procedure in place to ensure that NSC timely submits student status changes to NSLDS.
GCCC Response and Corrective Action Plan	The institution will be implementing a monthly reporting schedule to the National Student Clearinghouse (NSC) in early 2006. The reporting schedule in NSLDS will be set to correspond with the NSC. This will ensure that enrollment status changes are reported within 60 days. Until that schedule change occurs, financial aid has been running reports twice a month to indicate which students have dropped below half-time or withdrawn. The enrollment status in NSLDS is being reported manually by financial aid for these students within 30 days of the change.
GCCC Contact and Telephone Number	Chris Westlake, Coordinator of Financial Aid Accounting (850) 872-3846 or SC 780-3846
Estimated Corrective Action Date	Corrective action implemented in August 2005

Lake-Sumter Community College (LSCC)

Condition	We tested 16 students who withdrew or graduated during the Fall 2004 or Spring 2005 term. At the time of our review, the institution had not reported to NSLDS three students that graduated in the Fall 2004 term. Subsequent to our review, the institution reported the graduation status of the three students to NSLDS, 183 days late.
Cause	The institution did not have adequate procedures to timely notify NSLDS.
Recommendation	The institution should enhance its procedures to monitor and timely report FFEL student loan borrowers' enrollment status changes to NSLDS.
LSCC Response and Corrective Action Plan	Per audit findings, financial aid has enhanced procedures to monitor and timely report FFEL student loans recipient enrollment hours by generating a withdrawal report to identify loan recipients no longer in 6 hours and by collecting a graduation list from Admission to identify loan students who have graduated. Once that information is collected, financial aid will manually update the NSLDS system with enrollment information. In addition, Admission is exploring the use of other servicers feasibility to expedite the reporting of enrollment data to NSLDS.
LSCC Contact and Telephone Number	Audrey Maxwell (352) 365-3510
Estimated Corrective Action Date	Effective December 2005

Manatee Community College (MCC)

Condition	For 16 of 20 FFEL students tested who graduated, withdrew, or ceased to be enrolled at least half-time, the institution did not notify NSLDS within 30 days or report the status change on the Roster File within 60 days as required. For 14 of the 20 students, notification to NSLDS of enrollment status changes was 1 to 83 days late. For the remaining 2 students, the last day the students ceased to be enrolled at least half-time was October 2004, and subsequent to audit inquiry, the institution notified the National Student Clearinghouse (NSC) of the students' status changes on November 18, 2005, 13 months later; however, NSLDS was not notified until December 23, 2005.
Cause	The institution uses NSC to transmit its student status changes to NSLDS; however, the institution is responsible for ensuring that NSLDS is timely notified by NSC. The institution was relying on NSC and did not periodically verify that submissions to NSLDS were timely.
Recommendation	The institution should work with NSC and NSLDS to correct the submission problem, or develop alternative procedures to ensure the prompt notification of changes in enrollment status to NSLDS.
MCC Response and Corrective Action Plan	<p>After reviewing the list of students provided by the auditor on January 17, 2006, it was determined that the finding was valid.</p> <p>During the audit field work in the fall 2005, when the potential finding was noted, a problem was discovered with the current Banner process that calculates a student's time status after an enrollment change. Our Registrar, began doing some research into the problem and found that many schools using the banner software system nationwide were experiencing the same problem. A review of the SCT Banner web site showed a Request Product Enhancement (RPE) was submitted to SCT Banner by another institution to fix the problem. SCT Banner on May 16, 2005, changed the status from RPE to a defect #47029.</p> <p>She also learned from her research, that Eastern Michigan University had written a computer script to fix the problem. When contacted on September 26, 2005, the staff at Eastern Michigan University was very willing to share their fix with MCC. The script was received by the Registrar and forwarded to computer services for installation. The script was installed and testing by MCC personnel commenced the week of October 3, 2005. Following two weeks of testing, it was determined that the scripts provided by Eastern Michigan had fixed the problem.</p> <p>To correct the enrollment status of the affected students, the registrar's staff faxed the correct enrollment information for the two students to the National Student Clearinghouse on November 18, 2005. The fax requested that the enrollment records of the affected students be updated to reflect the correct enrollment data. Since no confirmation was received from the Clearinghouse, Karen Armstrong, Assistant Registrar, again contacted the Clearinghouse for confirmation that the changes had been made. She was asked to resend the information, which she did on February 6, 2006.</p>
MCC Contact and Telephone Number	MariLynn Paro, Registrar (941) 752-5628
Estimated Corrective Action Date	Corrective action has been completed.

Polk Community College (PCC)

Condition	For 8 of 20 students tested, enrollment status changes were reported to NSLDS from 21 to 71 days late. Unless the institution expects to complete its next roster file within 60 days, the institution must notify NSLDS within 30 days if it discovers
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that a student who received a loan 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 (NSC) to transmit student status changes to NSLDS for FFEL student borrowers; however, the institution did not have a monitoring procedure in place to ensure that NCS submitted student status changes to NSLDS timely.
Recommendation	The institution should work with NSC and NSLDS to correct the submission problems or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.
PCC Response and Corrective Action Plan	The Office of Financial Aid will review each transmission to NSLDS and will take any additional action to ensure timely processing.
PCC Contact	Olivia Maultsby, Director Financial Aid (863) 297-1004
Estimated Corrective Action Date	January 1, 2006

St. Petersburg College (SPC)

Condition	As of September 9, 2005, enrollment status changes had not been reported to NSLDS for 8 of 20 FFEL student loan borrowers tested who withdrew from the institution during the Fall 2004 or Spring 2005 term. Days late ranged from 140 days to 298 days after the enrollment status change. A similar finding was noted in report No. 2005-158, finding No. FA 04-102.
Cause	Due to programming errors, enrollment data submitted to NSLDS did not accurately reflect the enrollment status changes of the students.
Recommendation	The institution should correct the programming errors so that FFEL student loan borrower enrollment status changes are timely and accurately reported to NSLDS.
SPC Response and Corrective Action Plan	The College has made appropriate modifications to the student system to insure that withdrawals are considered in the enrollment status reported to NSLDS through the National Student Clearinghouse. More frequent submissions to the Clearinghouse are under consideration by the College to improve the timing of error free submissions to NSLDS.
SPC Contact and Telephone Number	Martyn Clay, College Registrar (727) 712-5892
Estimated Corrective Action Date	October 2005

Seminole Community College (SCC)

Condition	For 14 of 20 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 4 to 260 days late. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-102.
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.
Recommendation	The institution should enhance its procedures to monitor FFEL student loan borrowers' enrollment changes to ensure the prompt notification of NSLDS.

SCC Response and Corrective Action Plan	SCC acknowledges the audit finding. SCC has developed and implemented detailed procedures and system queries to enrollment changes, to assure the timely notification to students, the NSLDS and Lenders. To insure the consistent application of procedures, staffing has been increased and dedicated solely to monitoring enrollment activity for all financial aid recipients.
SCC Contact and Telephone Number	Robert E. Lynn – Director, Student Financial Resources (407) 708-2044
Estimated Corrective Action Date	Fall Term 2005
<u>Valencia Community College (VCC)</u>	
Condition	<p>For 20 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half-time, we noted the following:</p> <ul style="list-style-type: none"> • For 12 students, the institution reported enrollment status changes to NSLDS from 162 to 244 days late; • For 2 students, the institution incorrectly reported the enrollment status as withdrawn when in fact the students were enrolled during the term reported; • For 5 students, the institution incorrectly reported the status changes to NSLDS as the last day of the term, instead of the official withdrawal date. The term end dates ranged from 44 to 52 days after the official withdrawal dates. <p>A similar finding was noted in report No. 2005-158, finding No. FA 04-102.</p>
Cause	The institution transmits its student status changes to NSLDS through the National Student Clearinghouse (NSC). However, the institution is responsible for ensuring that NSLDS is timely and accurately notified of status changes by NSC. Due to errors in the institution's reporting software and delays by NSC, enrollment status changes were not always reported accurately and timely to NSLDS.
Recommendation	The institution should enhance its procedures to monitor FFEL student loan borrowers' enrollment status changes to ensure the prompt and accurate notification to NSLDS. The institution should work with NSC and NSLDS to correct any submission problems or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information. The institution should also have a monitoring procedure in place to ensure that NSC timely submitted student status changes to NSLDS.
VCC Response and Corrective Action Plan	<p>In October 2005, the college became aware of the inherent challenges of submitting data to the National Student Loan Clearinghouse (NSLC) for the National Student Loan Data Service (NSLDS). The college learned that the Banner system table which reports student enrollment status does not identify the status correctly if the "count in enrollment indicator" is activated. The system indicator must be activated in order for enrollment status to be reported accurately for state of Florida funding.</p> <p>To resolve the issue, an internal program has been written and executed to capture and report the correct enrollment status of each student.</p> <p>The college also discovered an issue with the timing of submission. Valencia's submission to NSLC followed the guidelines prescribed by NSLC (minimum of 3 submissions per term). It was discovered additional submissions are required to meet the 30 day Federal reporting requirement. The college learned that NSLDS has a separate schedule for the submission of data from NSLC. The college's submission dates and the NSLC submission dates to NSLDS did not coincide, resulting in a minimum of a 30 day delay of student enrollment updates.</p>

To resolve this issue, contact has been made with both NSLC and NSLDS to identify the timing of submissions. Valencia will now submit data to NSLC four (4) times per term instead of three (3). Dates for each submission will be scheduled to coincide with NSLC submission dates to NSLDS.

**VCC Contact and
Telephone Number**

Renee Simpson
(407) 582-1506

**Estimated Corrective
Action Date**

February 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-106
CFDA Number	84.032 and 84.268
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loan Program (FFEL) Federal Direct Student Loans (FDSL)
Compliance Requirement	Special Tests and Provisions – Student Status Changes - Exit Counseling
State Educational Entity	Various
Finding Type	Material Noncompliance
Finding	Thirteen institutions did not always perform exit counseling, or provide exit counseling materials, 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(b)
Effect	When exit counseling information is not provided timely, FFEL or FDSL student loan borrowers may not be fully aware of their loan repayment obligations, which could lead to an increased default rate at the institution.
	<u>Florida Agricultural and Mechanical University (FAMU)</u>
Condition	For 17 of 18 student FDSL borrowers tested, exit counseling was not completed or exit counseling materials were not provided. As of November 30, 2005, days late ranged from 184 to 390. Similar findings were noted in reports No. 2005-158, finding No. FA 04-103, and No. 2004-168, finding No. FA 03-85.
Cause	The institution's established exit counseling procedures were not adequate to ensure that exit counseling for FDSL student loan borrowers was completed as required. Although, the institution's new accounting and records system was supposed to identify students that required exit counseling, it did not function as intended.
Recommendation	The institution should enhance both electronic and manual 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 for a student ceasing at least half-time enrollment. In addition, the institution should correct the new system if the institution is going to place reliance on it to determine which students require exit counseling.
FAMU Response and Corrective Action Plan	The institution concurs with the finding and offers the following corrective action plan. The institution has instituted new processes and procedures commencing with the Spring 2006 semester that will ensure that all Federal Direct Loan student borrowers whose enrollment status changes will receive both electronically and through regular mail services those materials and information that are pertinent to the exit interview process. These procedures will be implemented for those students who also are involved in official/unofficial withdrawals.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	January 1, 2006
	<u>Florida Gulf Coast University (FGCU)</u>
Condition	For 3 of 15 FFEL student loan borrowers tested who withdrew, the institution failed to provide exit counseling information. As of January 20, 2006, the institution had not provided exit counseling materials to the 3 students (days late ranged from 334 to 425 days).

Cause	The institution's procedures were not adequate to ensure that exit counseling materials were timely provided to all FFEL student loan borrowers as required.
Recommendation	The institution should ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing at least half-time enrollment.
FGCU Response and Corrective Action Plan	The University has enhanced its procedures to ensure that exit counseling is timely provided to all FFEL student loan borrowers. Two methods are now in place that provide daily information about students who withdraw. The University uses the information to provide these students with exit counseling information. In addition, at the start of a term FGCU now runs a computerized process that identifies students who graduated, withdrew, or ceased to be enrolled at least half-time in the previous term and sends them the required exit counseling information. These improved procedures ensure that the University now complies with exit counseling requirements.
FGCU Contact and Telephone Number	Anne Hart, Associate Director, Financial Aid (239) 590-7965
Estimated Corrective Action Date	Completed
<u>Florida International University (FIU)</u>	
Condition	For 11 of 17 FFEL student loan borrowers tested, the institution did not document that exit counseling was completed, or exit counseling materials were provided, within 30 days of the student ceasing at least half-time enrollment.
Cause	The institution's procedures were not adequate to ensure and document that exit counseling was completed, or exit counseling materials were provided for FFEL student loan borrowers, as required.
Recommendation	The institution should enhance its procedures to monitor FFEL student loan borrower's enrollment status changes to ensure exit counseling is performed, or exit counseling materials are provided, within 30 days of a student ceasing at least half-time enrollment. Procedures should also include documentation of exit counseling efforts.
FIU Response and Corrective Action Plan	The University acknowledges that it did not always document the performance of exit counseling for FFEL borrowers who graduated, withdrew, or ceased to be enrolled at least half-time. The Financial Aid Office will make the appropriate changes necessary to the automated process currently being used to identify this population of students. Henceforth, the University will include the DR fee liable grade in determining student loan borrowers enrollment eligibility status. All exit counseling communications to affected students will be documented and the date of dispatch will be recorded.
FIU Contact and Telephone Number	Ida Pabon, Associate Director, (served as Acting Director of Office of Financial Aid during audit period), (305) 348-2339
Estimated Corrective Action Date	April 2006
<u>Florida State University (FSU)</u>	
Condition	For 5 of 20 students tested, the institution did not provide exit counseling materials within 30 days after the FFEL student loan borrowers had ceased at least half-time enrollment. The materials were sent 2 to 56 days late.
Cause	The institution's established procedures were not adequate to ensure that exit counseling materials were timely sent to student loan borrowers as required.

Recommendation	The institution should enhance its procedures to monitor FFEL 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.
FSU Response and Corrective Action Plan	We have met with the Withdrawal Office and discussed the disputed dates to improve methods of communication. System enhancements will be implemented to disburse the exit interview letters timely.
FSU Contact and Telephone Number	Greg Atkins, Assistant Controller (850) 644-9437
Estimated Corrective Action Date	Completed by June 2006
<u>University of Central Florida (UCF)</u>	
Condition	Exit counseling materials were provided from 19 to 220 days late for 11 of 14 students tested that withdrew from the Fall 2004 or Spring 2005 term. Similar findings were noted in previous audit reports, most recently report No. 2005-158, finding No. FA 04-103.
Cause	The institution did not have adequate procedures to timely identify students that required exit counseling.
Recommendation	The institution should enhance its procedures to monitor FFEL student loan borrowers' enrollment status changes to ensure that exit counseling is performed, or exit counseling materials are provided, within 30 days of a student ceasing to be enrolled at least half-time.
UCF Response and Corrective Action Plan	An automated program has been implemented in PeopleSoft 8.0 that automatically monitors exit requirements based on regulatory requirements. Monthly queries are run to confirm compliance with exit counseling regulations.
UCF Contact and Telephone Number	Mary McKinney, Executive Director, Student Financial Assistance (407) 823-2827
Estimated Corrective Action Date	January 31, 2005
<u>University of South Florida (USF)</u>	
Condition	We tested 15 FFEL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time and required exit counseling. The institution did not provide exit counseling materials to 3 of the 15 students tested who had withdrawn during the Fall 2004 term. Subsequent to our inquiry, exit counseling materials were provided 113 to 151 days late to the 3 FFEL student loan borrowers.
Cause	The institution did not have adequate procedures to always identify FFEL student loan borrowers that required exit counseling.
Recommendation	The institution should enhance procedures for monitoring FFEL student loan borrowers' enrollment status changes to ensure that exit counseling is performed or exit counseling materials are provided within 30 days of the student's enrollment status change to less than half-time.
USF Response and Corrective Action Plan	The notice for unofficial withdrawals was modified to include the required Exit Interview information.
USF Contact and Telephone Number	Leonard Gude, Director of Financial Aid (813) 974-4700
Estimated Corrective Action Date	May 1, 2005

University of West Florida (UWF)

Condition	We tested the records of 20 students who received FDSL loans and graduated, withdrew, or ceased to be enrolled at least half-time. For 3 of the 20 students tested, the institution did not provide documentation evidencing that exit counseling materials had been provided. Subsequent to audit inquiry, on January 10, 2006, 107 days late, the institution notified the 3 students that exit counseling was required and provided the required information for the students to complete the exit counseling.
Cause	The institution's established procedures were not adequate to ensure that exit counseling materials were sent to FDSL borrowers as required.
Recommendation	The institution should enhance its procedures to ensure that exit counseling is performed, or exit counseling materials are provided, within 30 days of a student ceasing at least half-time enrollment.
UWF Response and Corrective Action Plan	The Financial Aid Office is making efforts to correct this by working with IT to capture current email addresses for all aid recipients at the time they electronically submit their institutional application.
UWF Contact and Telephone Number	Cathy Brown, Director Financial Aid (850) 474-3127
Estimated Corrective Action Date	April 2006

Broward Community College (Broward CC)

Condition	For 6 of 20 FFEL student loan borrowers tested who withdrew, the institution did not provide exit counseling materials within 30 days of the enrollment change to less than half-time. Exit counseling materials were provided 54 to 130 days late. A similar finding was noted in report No. 2005-158, finding No. FA 04-103.
Cause	The institution's procedures were not adequate to ensure that exit counseling materials were sent timely to FFEL student loan borrowers as required.
Recommendation	The institution should enhance current procedures to ensure that FFEL student loan borrowers who cease at least half-time enrollment are identified and that exit counseling materials are timely provided.
Broward CC Response and Corrective Action Plan	Broward Community College continues to work on streamlining our procedures to ensure that we provide counseling materials to all student loan borrowers.
Broward CC Contact and Telephone Number	Marcia Conliffe, Associate Vice President - Student Success & Enrollment Management Services, (954) 201-7634
Estimated Corrective Action Date	Fall 2006

Okaloosa-Walton College (OWC)

Condition	Exit counseling materials were not provided within 30 days for 8 of 20 FFEL student loan borrowers tested who ceased at least half-time enrollment and required exit counseling. The exit counseling materials were provided 47 to 211 days late.
Cause	The institution's established exit counseling procedures were not adequate to ensure that online exit counseling was performed by FFEL student loan borrowers or that exit counseling materials were provided to FFEL student loan borrowers as required.
Recommendation	The institution should ensure that all students receiving FFEL student loans are provided exit counseling when the students cease at least half-time enrollment.

OWC Response and Corrective Action Plan	OWC reviewed its procedure for sending exit counseling for FFEL borrowers, and implemented weekly monitoring of all FFEL student borrowers. On a weekly basis, a report is run that identifies the FFEL student borrowers and includes the current number of hours in which the student is enrolled. If a student has dropped to less than half-time status, exit counseling materials are sent to the student borrower via USPS.
OWC Contact and Telephone Number	Christine (Chris) Bishop or Patricia (Pat) Bennett (850) 729-4901 or (850) 729-5370
Estimated Corrective Action Date	August 22, 2005
<u>St. Petersburg College (SPC)</u>	
Condition	For 7 of 11 students tested, who received FFEL loans and subsequently withdrew from school, the institution did not provide documentation evidencing that exit counseling materials were provided, or exit counseling was completed, within 30 days of withdrawal. Contrary to Federal requirements, the institution does not require students to complete exit counseling more than once at the institution, so if a student withdraws, re-enrolls in a subsequent term, and receives another FFEL loan, the student is not required to complete exit counseling again. Of the 7 students, 3 had completed exit counseling once at the institution and, therefore, per institution procedures, were not provided exit counseling materials again; 1 completed exit counseling August 5, 2005; and 3, as of August 7, 2005, had not, completed exit counseling or been provided exit counseling materials (days late ranged from 80 to 208).
Cause	The institution had not developed adequate procedures to provide exit counseling materials to all FFEL student loan borrowers who ceased at least half-time enrollment.
Recommendation	The institution should implement procedures to provide exit counseling materials for FFEL student loan borrowers who cease at least half-time enrollment.
SPC Response and Corrective Action Plan	St. Petersburg College has strengthened its procedures to identify and notify students to complete the on-line Federal Requirement for Exit Counseling sessions through improved processes and reporting from our student system. The College also requires that a student complete a subsequent exit counseling session if they return to the institution and borrow additional loan funds. As of August 10, 2005, the student system electronically activates the requirement once a student returns to the College and additional Federal Stafford Loans are disbursed. When a student officially withdraws, drops below half time or graduates from the college, the student will be notified by utilizing the college-wide student e-mail system. Students have been notified that the student e-mail system is the preferred delivery method of all college-related communication. The Financial Aid staffs will follow up by mailing exit-counseling materials if the student does not complete an exit counseling session within 15 days. The notification process will be automated through our college-wide student e-mail system as soon as possible.
SPC Contact and Telephone Number	Marcia McConnell, Director of Scholarships & Financial Assistance (727) 791-2442
Estimated Corrective Action Date	May 1, 2006

Santa Fe Community College (SFeCC)

Condition	We tested the records for 20 students who received FDSL loans and graduated or withdrew. For 5 students who graduated in Spring 2005, the institution did not provide exit counseling materials within 30 days after the end of the term. Exit counseling materials were not provided until the first week of the Fall 2005 term, which is approximately 3 months late.
Cause	The institution's procedures did not provide for exit counseling for Spring term graduates within 30 days after the end of the term. The institution's procedures indicate that the institution delays providing exit counseling materials for Spring graduates, for approximately 4 months until the next Fall term, contrary to Federal regulations.
Recommendation	The institution should implement procedures to provide exit counseling materials within 30 days after the end of the term to all FDSL student loan borrowers who cease at least half-time enrollment.
SFeCC Response and Corrective Action Plan	The College has implemented changes to the exit counseling process. Exit counseling will be provided during and after each semester.
SFeCC Contact and Telephone Number	Peggy Werts, Director of Financial Aid (352) 395-5476
Estimated Corrective Action Date	January 31, 2006

Seminole Community College (SCC)

Condition	For 12 of 20 FFEL student loan borrowers tested who withdrew, the institution could not provide documentation to evidence that exit counseling materials were provided or exit counseling was completed within 30 days of an enrollment change to less than half-time. A similar finding was noted in audit report No. 2005-158, finding No. FA 04-103.
Cause	Exit counseling is performed on-line and the institution is notified when the student has completed exit counseling, however, the institution did not receive notification for these 12 students. The institution noted that they use a third-party servicer to administer exit counseling and gaps in the process are occurring, which they are currently addressing.
Recommendation	The institution should continue to address the problems with their third-party servicer to identify and ensure that FFEL student loan borrowers receive exit counseling when their enrollment status changes to less than half-time.
SCC Response and Corrective Action Plan	SCC acknowledges the audit finding. SCC has developed and implemented detailed procedures and system queries to identify students requiring Exit counseling, within the PeopleSoft system as well as the 3 rd Party Servicer. To insure the consistent application of procedures, staffing has been increased and dedicated solely to monitoring enrollment activity for financial aid recipients, including exit counseling requirements.
SCC Contact and Telephone Number	Robert E. Lynn – Director, Student Financial Resources (407) 708-2044
Estimated Corrective Action Date	Fall Term 2005

Valencia Community College (VCC)

Condition	Exit counseling materials were not provided within 30 days for 3 of 12 FFEL student loan borrowers tested who ceased at least half-time enrollment and required exit counseling. The exit counseling materials were provided 39 days late for the 3 students. A similar finding was noted in report No. 2005-158, finding No. FA 04-103.
Cause	The institution's established exit counseling procedures were not adequate to ensure that online exit counseling was performed by FFEL student loan borrowers, or that exit counseling materials were sent to FFEL student loan borrowers, as required.
Recommendation	The institution should ensure that all students receiving FFEL student loans are provided exit counseling when the students cease at least half-time enrollment.
VCC Response and Corrective Action Plan	<p>The college acknowledges the finding. These students never officially notified the college that they were withdrawing, and did not enroll for the summer term. The exit counseling process was not run until the census date for the summer term. This was beyond the 30 day time frame for sending exit counseling materials to students who do not take summer classes.</p> <p>The college has corrected its procedures for exit counseling for summer term so that exit counseling notices will be run as soon as the summer term has begun instead of waiting for the enrollment confirmation census.</p>
VCC Contact and Telephone Number	Linda Downing (407) 582-1458
Estimated Corrective Action Date	May 8, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 05-107
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	Various
Finding Type	Material Noncompliance
Finding	Two institutions did not always perform exit counseling for FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time. Also one of the two institutions did not always timely convert FPL student loan borrowers to repayment status.
Criteria	34 CFR 674.42(b/c)
Effect	When exit counseling materials are not provided, FPL student loan borrowers may not be fully aware of their loan repayment obligations. As a result, there could be an increased default rate at the institution. Also, when FPL student loan borrowers' debt is not timely identified for repayment, students are not timely placed in repayment status.
Condition	<u>Florida Agricultural and Mechanical University (FAMU)</u> For 4 of 5 FPL student loan borrowers tested, exit counseling was not completed or exit counseling materials were not provided for FPL student loan borrowers who ceased at least half-time enrollment. Similar findings were noted in reports No. 2005-158, finding No. FA 04-104 and No. 2004-168, finding No. FA 03-86.
Cause	The institution's established exit counseling procedures were not adequate to ensure that exit counseling for FPL student loan borrowers was completed as required. Although the institution's new accounting and records system was supposed to identify students that required exit counseling, it did not function as intended.
Recommendation	The institution should enhance both electronic and manual procedures to monitor FPL student loan borrower's enrollment changes to ensure that exit counseling is performed or exit counseling materials are provided promptly for a student ceasing at least half-time enrollment. In addition, the institution should correct the new system if the institution is going to place reliance on it to determine which students require exit counseling.
FAMU Response and Corrective Action Plan	The institution has instituted new processes and procedures commencing with the Spring 2006 semester which will ensure that all Federal Perkins Loan borrowers whose enrollment status has changed will receive exit counseling. The Registrar's office will provide weekly updates for all students whose enrollment status has changed and where appropriate students will receive via electronic mail as well as regular mail services materials that are related to the exit interview requirements. Students who officially/unofficially withdraw will also be included in this process.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	January 1, 2006

Florida International University (FIU)

Condition	For five FPL student loan borrowers who entered repayment status, we noted the following: <ul style="list-style-type: none"> • For two students, the institution did not timely determine the conversion to repayment. The time lapses between the dates of separation and conversion to repayment were 12 and 16 months. • For three students, the institution did not complete exit counseling.
Cause	The institution's procedures were not adequate to ensure timely conversion to repayment status and completion of exit counseling for FPL student loan borrowers as required.
Recommendation	The institution should enhance its procedures to monitor FPL student loan borrowers' enrollment changes to ensure timely conversion to repayment status, and timely completion of exit counseling (including providing borrowers with exit counseling materials), when a student ceases at least half-time enrollment.
FIU Response and Corrective Action Plan	Due to challenges faced in implementing a new financial system during the 2004-05 fiscal year, the University lacked the appropriate means to timely identify FPL student loan borrowers' enrollment changes. With regards to the specific findings noted, one student was mailed exit counseling materials in February 2006. Further review of the other two students demonstrated that exit counseling was not required as of February 2006, since one student was still attending school and the other student had consolidated her loans. The University is working to systematically identify students that have either graduated or ceased to be enrolled at least half-time. This systematic process will provide the necessary reports that identify the students so that the exit counseling material can be delivered in a timely manner and is expected to be implemented by April 30, 2006. Currently, University personnel have been manually reviewing all Perkins students to determine who requires exit counseling.
FIU Contact and Telephone Number	Mercedes Murciano, Assistant Controller, Student Financials Office (305) 348-7372
Estimated Corrective Action Date	April 30, 2006

**STATE UNIVERSITIES AND COMMUNITY COLLEGES
SUMMARY OF QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2005**

<u>Compliance Requirement/ Institutions</u>	<u>Total Questioned Costs</u>
Research and Development Cluster (R&D)	
ALLOWABLE COSTS/COST PRINCIPLES (Time-and-Effort) - Finding Nos. FA 05-108 through FA 05-112	
Florida Agricultural and Mechanical University	\$ 18,955
Florida International University	302,054
University of Central Florida	1,083,598
University of Florida	unknown
University of West Florida	618,904
Total	<u>2,023,511</u>
ALLOWABLE COSTS/COST PRINCIPLES (Non Salary) - Finding Nos. FA 05-113 through FA 05-114	
University of Florida	146,721
University of West Florida	58,970
	<u>205,691</u>
ALLOWABLE COSTS/COST PRINCIPLES (Cost Transfers) - Finding No. FA 05-118	
University of Central Florida	<u>23,544</u>
CASH MANAGEMENT - Finding No. FA 05-121	
University of North Florida	<u>289,773</u>
EQUIPMENT AND REAL PROPERTY MANAGEMENT - Finding Nos. FA 05-122 through FA 05-124	
Florida Atlantic University	48,320
Florida International University	787,207
Florida State University	77,592
	<u>913,119</u>
MATCHING, LOE, and/or EARMARKING - Finding No. FA 05-125	
Florida State University	<u>30,000</u>
PROCUREMENT, SUSPENSION AND DEBARMENT - Finding No. FA 05-128	
University of South Florida	<u>160,636</u>
SUBRECIPIENT MONITORING - Finding No. FA 05-133	
University of West Florida	<u>143,283</u>
Total (R&D)	<u><u>\$ 3,789,557</u></u>

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-108
CFDA Number	10.200, 43.001, and 98.009
Program Title	Research and Development Cluster (R&D) Grants for Agricultural Research, Special Research Grants (10.200) Aerospace Education Services Program (43.001) John Ogonowski Farmer-to-Farmer Program (98.009)
Compliance Requirement	Allowable Costs/Cost Principles – Time-and-Effort
State Educational Entity	Florida Agricultural & Mechanical University (FAMU)
Federal Grant/Contract Number and Grant Year	CFDA No. 10.200 RBS-03-28, October 1, 2003 - June 30, 2005 CFDA No. 43.001 NAG3-2786, April 30, 2002 - November 26, 2005 CFDA No. 98.009 EGA-A-00-03-00002, September 30, 2003 - September 29, 2008
Finding Type	Material Noncompliance Questioned Costs - \$18,955 (grant No. RBS-03-28)
Finding	For 3 Federally-funded grants tested, the institution failed to maintain signed after-the-fact time-and-effort certifications for employees who worked on the grants.
Criteria	OMB Circular A-21, Section J.10.c.(2)
Condition	For the 3 grants tested, the institution did not follow its established procedures requiring after-the-fact confirmation of time-and-effort for an employee whose total salary was charged to a project (\$18,955, grant No. RBS-03-28) and for the 3 principal investigators (PI) who were associated with the 3 grants during the Summer 2004, Fall 2004, and Spring 2005 terms. The salaries for the 3 PIs were not paid with Federal project funds. Subsequent to our inquiry, the institution prepared after-the-fact certifications that the time-and-effort expended or associated with the projects by these employees was appropriate; however, these certifications were completed 2 to 8 months late.
Cause	The institution's established controls did not ensure compliance with Federal regulations.
Effect	Absent appropriate records documenting after-the-fact time-and-effort dedicated to Federal projects, the institution was unable to demonstrate that only allowable costs were charged and reported to the grants.
Recommendation	The institution should review and enhance its established procedures to ensure that signed after-the-fact time-and-effort certifications are maintained for all employees associated with Federal grants, in compliance with OMB Circular A-21. The institution should also seek clarification from the Federal grantors regarding resolution of the questioned costs.
FAMU Response and Corrective Action Plan	The institution concurs with this finding. FAMU has implemented new policies and procedures dated June 20, 2005, as well as appropriate internal controls to ensure that signed after-the-fact time and effort certifications are completed and maintained for all employees associated with Federal grants.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	6/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-109
CFDA Number	15.999, 43.001, 47.076, 66.433, 81.999, 93.048, and 93.279
Program Title	Research and Development Cluster (R&D) Office of the Executive Director for South Florida Ecosystem Restoration Task Force (CFDA 15.999) Aerospace Education Services Program (CFDA 43.001) Education and Human Resources (CFDA 47.076) State Underground Water Source Protection (CFDA 66.433) Hemispheric Center for Environmental Technology (CFDA 81.999) Special Programs for the Aging, Title IV, and Title II Discretionary Projects (CFDA 93.048) Drug Abuse and Addiction Research Programs (CFDA 93.279)
Compliance Requirement	Allowable Costs/Cost Principles – Time-and-Effort
State Educational Entity	Florida International University (FIU)
Federal Grant/Contract Number and Grant Year	CFDA No. 15.999 CA5280-01-003, October 1, 2004 – September 30, 2005 CFDA No. 43.001 NNG04GI42GPA-FL3, March 1, 2004 – February 28, 2005 CFDA No. 47.076 HRD-0317692, August 1, 2003 - July 31, 2008 CFDA No. 66.433 X7-99462194-C, October 1, 1994 – September 30, 2005 CFDA No. 81.999 DE-FG01-03EW15334, November 21, 2000 – November 20, 2005 CFDA No. 93.048 90AM2768, September 30, 2003 - September 29, 2006 CFDA No. 93.279 5R24DA014260-01A1, May 1, 2003 - April 30, 2008
Finding Type	Material Noncompliance Questioned Costs - \$302,054 (\$138,772, grant No. CA5280-01-003; \$16,440, grant No. NNG04GI42GPA-FL3; \$26,469, grant No. HDR-0317692; \$3,207, grant No. X7-99462194-C; \$63,596, grant No. DE-FG01-03EW15334; \$6,504, grant No. 90AM2768; and \$47,066, grant No. 5R24DA014260-01A1)
Finding	For 7 of 10 Federal grants tested, the institution did not maintain signed after-the-fact time-and-effort certifications for some employees that worked during the 2004-05 fiscal year on the grants, and some after-the-fact certifications were not completed timely. Also, in some instances, there was a lack of monitoring to ensure that employee time-and-effort on Federal programs did not exceed 100 percent.
Criteria	OMB Circular A-21, Section J.10.c.(2) and FIU Office of Sponsored Research Administration (OSRA) Faculty and Staff Guide
Condition	We noted the following: Grant No. CA5280-01-003: <ul style="list-style-type: none"> • For 3 of 6 employees tested, time-and-effort reports for the 2004-05 fiscal year were not timely prepared. Reports were prepared in January 2006, from 9 to 13 months after the academic term ended. For 1 of the 3 employees, the time-and-effort reports for Fall 2004, Spring 2005, and Summer 2005 terms had not been prepared, but were all prepared on

January 17, 2006, subsequent to audit inquiry. Salaries paid from grant funds totaled \$138,772.

Grant No. NNG04GI42GPA-FL3:

- For 1 of 17 employees tested, the employee's time-and-effort certification for the Fall 2004 and Spring 2005 terms applied to a different program. The total amount paid that was not certified for the correct grant totaled \$16,440.

Grant No. HDR-0317692:

- For 2 of 7 employees tested, no time-and-effort reports were certified for each term. For the 2004-05 fiscal year, the 2 employees earned salaries and benefits totaling \$26,469 for their work on the Federal grant. Subsequent to audit inquiry, time-and-effort reports for the Fall 2004 term were certified by the 2 employees on January 18, 2006.

Grant No. X7-99462194-C:

- For 1 of 3 employees tested, the employee certified 102 percent for Fall 2004 and 101 percent for Spring 2005, which is contrary to OMB Circular A-21.
- For 1 of 3 employees tested, we noted that no time-and-effort report was certified for the Spring 2005 term. Salary paid from grant funds for the Spring 2005 term totaled \$3,207.

Grant No. DE-FG01-03EW15334:

- For all 8 employees tested, there were no signed statements certifying work performed for the grant. For this grant, a web-based system that allows its users to enter and associate the time worked with specific projects or departments was used. These electronic timesheets were submitted bi-weekly to coincide with the institution's pay periods, and although the system required various levels of authorizations and approvals, there was no indication of a certifying statement. The total amount paid that was not certified totaled \$63,596.

Grant No. 90AM2768:

- For 1 of 5 employees tested, time-and-effort reports were not submitted timely. The employee submitted the time-and-effort report for the Fall 2004 term on October 6, 2005, subsequent to audit inquiry. Salary paid from grant funds for the Fall 2004 term totaled \$6,504.

Grant No. 5R24DA014260-01A1:

- For 4 of 10 employees tested, time-and-effort reports were not prepared and certified each academic term, or at least every 6 months. Three of the employees earned a bi-weekly salary as part of the Graduate Assistantship contracts, for which the institution did not require time-and-effort be certified. One employee, with an OPS-Professional employment agreement, was hired as a Consultant. Total funds paid from the grant for these four employees were \$47,066 for the 2004-05 fiscal year.

For 1 of 10 employees tested, the employee certified 101 percent for the Spring 2005 term, which is contrary to OMB Circular A-21.

Cause

Although the institution implemented an after-the-fact payroll certification system during the 2004-05 fiscal year, only faculty were required to certify time-and-effort. Beginning with the Summer 2005 term, more employee classifications have been added to the certification requirement (i.e., exempt staff and OPS-contract). The institution did not have adequate procedures to ensure that all staff working on Federal programs were required to certify after-the-fact time-and-effort expended on those programs. Similarly, the procedures did not ensure that all required

certifications were performed, accurately prepared, and submitted timely by personnel.

Effect

Absent appropriate records documenting after-the-fact payroll distribution for employee's time-and-effort dedicated to Federal grants, the institution was unable to demonstrate that only allowable costs were charged to the grants. Failure to timely complete after-the-fact time-and-effort certifications may prevent the institution from promptly identifying and correcting errors in Federal grant expenditures.

Recommendation

The institution should enhance its procedures to ensure that time-and-effort reports are performed timely. These procedures should provide for monitoring and reviewing the entire process from the point of sending the certification request to the actual certification receipt. Further, the institution should continue its efforts to require all employee classifications whose work is related to Federally-funded programs to submit after-the-fact time-and-effort reports. For the electronic certification for grant No. DE-FG01-03EW15334, the institution should seek clarification from the cognizant agency, as OMB Circular A-21 requires the certification be signed by the employee, Principal Investigator, or responsible official. The institution should also seek clarification from the Federal grantors regarding resolution of the questioned costs.

**FIU Response and
Corrective Action Plan**

The FIU Time & Effort Certification System (TECS) was introduced in Summer 2004 and moved from a mostly paper-based system to a web-based system in the Fall 2004. Since that time, the capability of the TECS system has been continuously upgraded and the scope expanded.

In conjunction with the roll out of TECS, education and training sessions regarding the University's time and effort certification requirements were held starting in the 2004 Fall Term. These sessions took place throughout the various FIU campuses and continue at present. Additionally, detailed instructions and information regarding time and effort certification were provided at the time certification forms were sent out.

The following concerns, raised in the report, are addressed below:

1. Reports not timely certified
2. Reports certified in excess of 100%
3. Reports not certified at all for a reporting period
4. No "certifying statement" contained for time and effort reports under grant No. DE-FG01-03EW15334
5. Graduate Assistants not required to certify effort

1. Reports not timely certified

FIU policy states that certifications are to be completed 3 times per year – at the end of each Fall, Spring and Summer term – and within 3 weeks of receipt of the effort report. Employees are notified of the deadline 3 times each semester – once upon receipt, once 1 week before the deadline, and once 1 business day after the deadline. After the deadline, employees are given one additional opportunity (1 week) to certify their effort. The names of individuals that fail to certify effort are submitted to the Provost/Deans who have the collective responsibility to follow-up with non-responders and to ensure the employee's compliance with effort reporting requirements.

2. Reports certified in excess of 100%

TECS was upgraded during the Fall 2004 for the certification of effort during the 2005 Spring Term. TECS no longer allows employees the capability of certifying effort in excess of 100%.

3. Reports not certified at all for a reporting period

See "Reports not timely certified" above. In addition, the Division of Research has instituted a follow-up business practice wherein personal phone calls are placed to non-respondents to close out the certification reporting process. The Division of Research has dedicated staff to accomplish this task.

4. No "certifying statement" contained for time and effort reports under grant No. DE-FG01-03EW15334

The report questions the lack of a certifying statement in connection with the time and effort certification system in use by the Applied Research Center ("ARC") which is known as Journyx. The Journyx system allows the employee to submit his or her timesheet in a web-based, password protected site. The employee's supervisor and, ultimately, the Journyx administrator, each have the ability to review and approve each such submission. If the timesheet is rejected, the system requires that an explanation be provided which is emailed to the employee so that he or she may resolve the rejected timesheet. The employee may then submit the corrected timesheet, subject again to the review and approval process. The timesheet is thus signed off by the employee or employee's supervisor "using suitable means of verification that the work was performed." OMB Circular A-21, Section J.10.C.(2).

It is the institution's position that the system in place at ARC is fully compliant with OMB Circular A -21 and that the certifying statement the State Auditors recommend, while an additional safeguard that can be implemented, is not required. Given the fact that the State Auditors recommend that the institution include this certifying statement, affirmative steps have been taken in order to implement this additional safeguard.

5. Graduate Assistants not required to certify effort

As explained previously, the TECS has continued to expand since its inception in the 2004 Summer Term. TECS now includes all personnel at the institution who do not complete time cards. TECS now requires certifications from the following: faculty (beginning Summer 2004), exempt A&P, USPS, and OPS employees (Summer 2005), all other employees who do not certify effort via time card (including graduate assistants - Fall 2005).

6. Other Corrective Actions

- Internal Desk Audit - Grant files are randomly-selected each term and screened for important effort reporting issues (timely certification, proper payroll charges, etc). Findings are submitted to proper Post-Award administrators for follow-up.
- TECS now flags effort exceptions (i.e., employees who certify greater than +/- 5% than committed to an agency). Flagged employees are notified of the exception and monitored to ensure that pledged effort is committed appropriately.

- Ongoing effort reporting education, training and information sessions continue.

FIU Contact and Telephone Number

Kelsey Downum, Associate Vice President, Office of Sponsored Research Administration, (305) 348-2494

Estimated Corrective Action Date

Most items have been corrected and any remaining corrections will occur in the Spring semester of 2006.

U.S. DEPARTMENT OF HEALTH AND HUMAN SCIENCES

Finding Number	FA 05-110
CFDA Number	10.001, 12.431, 47.076, and 81.087
Program Title	Research & Development Cluster (R&D) Agricultural Research-Basic and Applied Research (10.001) Basic Scientific Research (12.431) Education and Human Resources (47.076) Renewable Energy Research and Development (81.087)
Compliance Requirement	Allowable Costs/Cost Principles – Time-and-Effort
State Educational Entity	University of Central Florida (UCF)
Pass-Through Agency	Lockheed Martin for CFDA No. 12.431-grant No. 88MMZB992
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 5836112106, March 4, 2002 – January 14, 2007 CFDA No. 12.431 DAAD190110621, June 1, 2001 – December 31, 2005 88MMZB992, September 11, 2003 – February 28, 2005 CFDA No. 47.076 DGE011418, September 15, 2001 – August 31, 2006 CFDA No. 81.087 DEFC2699GO10478, September 1, 1999 – March 31, 2006
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - \$1,083,598 (\$143,842, grant No. 5836112106; \$222,196, grant No. DAAD190110621; \$73,919, grant No. 88MMZB992; \$173,111, grant No. DGE011418; and \$470,530, grant No. DEFC2699GO10478)
Finding	The institution's payroll distribution system relating to the reporting of time-and-effort spent on Federal projects was not adequate to meet Federal reporting requirements. For one of five grants tested, the institution failed to maintain signed employee certifications for faculty members and graduate students, and for one employee, failed to capture all activities that the employee worked on, specifically, auxiliary related activities. For the other four grants tested, the institution failed to reflect in the time-and-effort calculation, additional hours worked by employees; failed to separately identify effort by employees working on grants when the employees were paid from departmental accounts; and failed to complete time-and-effort reports in a timely manner.
Criteria	OMB Circular A-21, Section J.10.c.(2)
Condition	We noted the following: <ol style="list-style-type: none"> 1. The institution did not maintain signed employee certifications documenting time-and-effort for faculty members or graduate students who worked on the Building America Industrialized Housing Partnership grant (grant No. DEFC2699GO10478). A similar finding was noted in report No. 2005-158, finding No. FA 04-110. 2. For one full-time faculty member's time-and-effort reports, the total effort reported was 95% in both the Fall 2004 semester and Spring 2005 semester, when a total effort of 100% should have been reported (grant No. DEFC2699GO10478). 3. For two faculty employees who worked over 40 hours per week, the time-and-effort reports did not reflect this additional effort. One faculty member, who was also the Principal Investigator (PI) for the tested grant and several other grants, when questioned about his reported effort of 3% and

15% towards grant research on his Fall 2004 and Spring 2005 semesters' time-and-effort reports, respectively, stated that this effort did not reflect the additional hours he worked over a 40-hour work week (grant No. 5836112106). The other faculty employee was a PI on 11 ongoing research grants and 12 additional grants in some phase of obtaining extensions or close-out during the 2004-05 fiscal year. When questioned about his reported effort of 53% and 35% towards grant research on his Fall 2004 and Spring 2005 semesters' time-and-effort reports, respectively, he also stated that the effort did not reflect the additional hours he worked (grant No. DGE011418).

4. For three faculty employees' time-and-effort reports, documentation did not indicate which grants the research effort percentages were attributed. (grant Nos. DAAD190110621; 88MMZB992; and DGE011418).
 5. Time-and-effort reports were reviewed and certified from 112 to 335 days after the end of the Fall 2004 semester, from 65 to 200 days after the end of the Spring 2005 semester, and from 100 to 118 days after the Summer 2005 semester for four grants tested, contrary to institution policy. (grant Nos. 5836112106; DAAD190110621; 88MMZB992; and DGE011418)
- Cause**
1. For faculty and graduate students, the institution lacked adequate controls to ensure that established procedures were followed for signed time-and-effort certifications for all employees who work on Federal grants.
 2. Time-and-effort reports did not include all activities that faculty members can participate. The report format did not allow the departments to add these activities, such as activities associated with auxiliary accounts.
 3. The institution's time-and-effort reports (Faculty Activity Reports, FARs) were based on payroll records which in some cases, did not reflect actual effort. The FARs, are set up for State reporting requirements which require certain percentages to be charged per activity to calculate actual FTE. Therefore, when an employee is paid 100% from a departmental account, the amount of FTE remaining after taking into consideration classes taught, committees, etc, is attributed to research. Additionally, if the employee worked over 40 hours, an adjustment is not made to the percentages charged to each item resulting in inaccurate reported time-and-effort.
 4. Although the institution's time-and-effort reports allow a department to input more than one grant name under the research heading if an employee is paid from the departmental account, none of the grants tested utilized this process.
 5. Since the time-and-effort reports correspond to the Institution's Academic Assignment and End of Semester Report, the departments with grants cannot access these reports until they are released from Institutional Research, causing a delay in reviewing and certifying the time-and-effort reports.

Effect

The institution was unable to demonstrate that costs were adequately supported and, consequently, may have disallowed costs.

Recommendation

The institution should implement procedures that enhance the time-and-effort reports to ensure that they clearly indicate the allocation of costs to be charged to Federal grants, including signed after-the-fact salary certifications and a method of revising time-and-effort reports if employees work over 40 hours or work on multiple grants while being paid from a departmental account. Additionally, procedures should be implemented to ensure that time-and-effort reports are made available timely to the departments required to report time-and-effort for Federal grants. The institution

should also seek clarification from the Federal grantors regarding resolution of the questioned costs.

**UCF Response and
Corrective Action Plan**

The university has implemented interim time and effort policies and procedures to ensure that payroll expenditures are allocated to sponsored projects in accordance with OMB Circular A-21 § J.10. Additionally, the university has recently purchased a new Web-based time and effort reporting system that will be integrated into current Research, Human Resources, and Financial systems. The university expects that the Web-based system will be brought on-line by July 30, 2006. Once implemented, the Web-based system will provide the university's sponsored research community on-demand access and will also facilitate the ability of UCF Office of Research & Commercialization to administer the system and monitor compliance.

Like its interim policies, the university's forthcoming Web-based system will: 1) Require employee certifications; 2) Ensure that certifications are completed in accordance with OMB Circular A-21 guidelines; 3) Account for all effort for which the university compensates the individual, including effort expended on teaching, service, administration, research, and auxiliary activities; 4) Account for 100% of the employee's time and effort for the reporting period; 5) Account for contract and grant time and effort by each sponsored activity and companion match cost share activity when applicable; and, 6) Facilitate the university's ability to reconcile reported effort with salary allocations and make adjustments to the extent necessary through cost transfers.

**UCF Contact and
Telephone Number**

Tom O'Neal, Associate Vice President for Research
(407) 882-1120

**Estimated Corrective
Action Date**

February 3, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-111
CFDA Number	10.001, 10.200, 20.999, 47.049, 66.460, 81.999, and 93.110
Program Title	Research and Development Custer (R&D) Agricultural Research - Basic and Applied Research (10.001) Grants for Agricultural Research, Special Research Grants (10.200) U.S. Department of Transportation – Other Federal Awards (20.999) Mathematical and Physical Sciences (47.049) Nonpoint Source Implementation Grants (66.460) U.S. Department of Energy – Other Federal Awards (81.999) Maternal and Child Health Federal Consolidated Programs (93.110)
Compliance Requirement	Allowable Costs/Cost Principles – Time-and-Effort
State Educational Entity	University of Florida (UF)
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 58-6435-3-0075, July 17, 2003 – July 16, 2008 CFDA No. 10.200 2003-34135-13903, September 15, 2003 – September 14, 2006 CFDA No. 20.999 DTFH61-01-X-00018, October 1, 2001 – October 31, 2006 CFDA No. 47.049 DMR-0305228, June 15, 2003 – May 31, 2006 CFDA No. 66.460 G0024, September 12, 2002 – June 30, 2006 CFDA No. 81.999 DEFC36031D14437, April 23, 2003 – April 22, 2006 CFDA No. 93.110 H17 MC02503, April 1, 2004 – February 28, 2009
Finding Type	Material Noncompliance Questioned Costs - Unknown
Finding	After-the-fact time-and-effort reports reflecting actual time worked by employees on various Federal contracts and grants were not always completed timely. Retroactive adjustments for salary and benefit costs were not always completed timely. Also, after-the-fact time-and-effort certifications of work performed were not always completed by the employee or an individual with direct knowledge of the employee's work, contrary to OMB cost principles.
Criteria	OMB Circular A-21, Sections C. and J.10 and the Institution's Directives and Procedures
Condition	Salary and benefit cost tested for 10 employees whose salaries totaling \$544,110, were charged to 7 Federal grants, disclosed the following: <ol style="list-style-type: none"> 1. Institution procedures require that after-the-fact time-and-effort personnel activity reports (PARS), reflecting employees' effort on Federal grants, should be prepared at the end of each academic term. However, the PARS reflecting actual effort for the Fall 2004 term, which ended December 2004, were not completed for institution personnel until September 2005, and October 2005, contrary to institution policy and OMB Circular A-21. 2. Retroactive adjustments for salaries and benefits were not always made timely. Adjustments for 3 employees were made over 3 months after the

pay period for which the adjustment applied, ranging in amounts from \$220 to \$4,760.

3. The institution uses an electronic Effort Tracking System to document after-the-fact time-and-effort certification of work performed by employees. The work performed within an administrative unit was, in most cases, electronically certified by Deans, Directors, and Department Chairs. However, our tests disclosed that such certifications for two departments with hundreds of employees were each done by a single administrator. This is contrary to OMB Circular A-21, which requires that after-the-fact time-and-effort activity reports be signed by the employee, principal investigator, or responsible official with direct knowledge of the work performed.

Cause	The institution implemented new accounting and time-and-effort reporting systems during the 2004-05 fiscal year. Procedures were not adequate to ensure that all required employee certifications and retroactive adjustments were timely completed and adequately supported.
Effect	When accounts are not charged the correct amount in a timely manner, financial data may not be reliable, reports to users may not be accurate, and expenditures may be misstated on grant reimbursement requests. Absent appropriate records documenting after-the-fact time and effort dedicated to Federal grants, the institution was unable to demonstrate that only allowable costs were charged to the grants.
Recommendation	The institution should ensure that after-the-fact time-and-effort certifications of salary and benefit cost for employees' work effort on Federal grants are completed timely and certified by an individual with direct knowledge of the employee's work. Also, retroactive salary and benefit cost adjustments should be completed within a reasonable time.
UF Response and Corrective Action Plan	<p>Condition 1. The University agrees with the finding. The University as part of its implementation of a new ERP system, had to rebuild its Effort Tracking System and thus there was some delay in getting confirmations completed for the Fall 2004 term. However, by the Spring 2005 term, the University was able to return to its normal timely completion of effort reports.</p> <p>Condition 2. The University agrees with the finding and continues to improve the timeliness of the retroactive adjustment process.</p> <p>Condition 3. The University has not changed the certification process from prior years. OMB Circular A-21, J10c(2)(c), requires that reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports are signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed. We will confirm that larger departments keep records in the department that meet the suitable means of verification requirement.</p>
UF Contact and Telephone Number	Michael McKee (352) 392-13211
Estimated Corrective Action Date	Condition 1. - Completed. Condition 2. - December 2006 Condition 3. - December 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-112
CFDA Number	12.300, 12.999, 15.999, 43.002, 43.999, and 47.070
Program Title	Research and Development Cluster (R&D) Basic and Applied Scientific Research (12.300) U.S. Department of Defense Other Federal Awards (12.999) U.S. Department of the Interior Other Federal Awards (15.999) Technology Transfer (43.002) NASA Other Federal Awards (43.999) Computer and Information Science and Engineering (47.070)
Compliance Requirement	Allowable Costs/Cost Principles – Time-and-Effort
State Educational Entity	University of West Florida (UWF)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.300 N00014-04-1-0384, April 5, 2004 – September 30, 2005 N00014-04-1-0507, May 1, 2004 – August 31, 2005 CFDA No. 12.999 MDA904-03-C-1467, September 25, 2003 – June 30, 2005 CFDA No. 15.999 03-000226, April 23, 2003 – September 30, 2005 CFDA No. 43.002 NNA04CK98A, October 1, 2004 – October 31, 2005 CFDA No. 43.999 NCC 2-1399, April 1, 2003 – March 31, 2005 NCC 2-1413, July 1, 2003 – September 30, 2004 NNA04CC80A, December 15, 2002 – May 31, 2005 NNA04CK88A, September 1, 2004 – March 31, 2007 CFDA No. 47.070 ANI-0230927, October 1, 2002 – September 30, 2005
Finding Type	Material Noncompliance Questioned Costs - \$618,904 (\$27,852, grant No. N00014-04-1-0384; \$11,411, grant No. N00014-04-1-0507; \$53,792, grant No. MDA904-03-C-1467; \$226,697, grant No. 03-000226; \$30,237, grant No. NNA04CK98A; \$159,005, grant No. NCC 2-1399; \$4,047, grant No. NCC 2-1413; \$86,026, grant No. NNA04CC80A; \$5,557, grant No. NNA04CK88A; and \$14,280, grant No. ANI-0230927)
Finding	Testing of after-the-fact time-and-effort certifications for employees whose salaries were charged in total or in part to 10 Federal grants disclosed that certifications for 14 employees were not signed by the employee or by a supervisor employed at the institution with direct knowledge of the employees' activities. Additionally, the certifications were not completed timely for 53 of 63 certifications tested.
Criteria	OMB Circular A-21, Section J.10.c.(2) and UWF Handbook on the Personnel Activity Reporting System Policies and Procedures, November 1, 1983
Condition	After-the-fact time-and-effort certifications for 14 employees whose salaries were charged to 10 Federal grants were not signed by the employee or supervisor with direct knowledge of the work performed as required by Federal cost principles and institution policy. The individual who signed the certifications as supervisor was not the principal investigator (PI) on any of the 10 grants, was not paid from the grants, did not have apparent direct knowledge of the employee's work, and signed the certifications from 6 to 236 days after he had separated from the institution. Salaries, benefits, and related facility and administrative costs charged

	<p>to the grants for the 14 employees during the 2004-05 fiscal year totaled \$618,904.</p> <p>In addition, our tests disclosed that after-the-fact time-and-effort certifications for 53 of 63 employee certifications tested were completed 60 or more days after the end of the semester, contrary to institution policy.</p>
Cause	<p>The institution's controls were not adequate to ensure that after-the-fact time-and-effort certifications were completed timely and signed by the employee or supervisor employed by the institution with direct knowledge of the employee's activities.</p>
Effect	<p>Absent signed certifications, the institution cannot evidence that the salaries were appropriately charged to these Federal grants and, consequently, may have disallowed costs. Failure to timely complete after-the-fact time-and-effort certifications may prevent the institution from promptly identifying and correcting errors in Federal grant expenditures.</p>
Recommendation	<p>The institution should enhance its procedures to ensure that after-the-fact time-and-effort certifications are completed timely and signed by the employee or supervisor employed by the institution with direct knowledge of the employee's work activities. The institution should also seek Federal clarification on resolution of the questioned costs.</p>
UWF Response and Corrective Action Plan	<p>Subsequently, upon learning of the discrepancy, UWF took steps to ensure timely signing of the time-and-effort reports. UWF has worked and will continue to work with the granting agencies to resolve any questioned costs as a result of this finding. UWF required a detailed accounting of work performed including required effort reporting. We have re-evaluated our time and effort reporting system and believe we are in compliance with OMB Circular A-21.J.8.c(2)(c) by authorizing a "responsible official using suitable verification that the work was performed." However, in the future, we will have after-the-fact time-and-effort certifications completed timely and signed by the employee or his/her supervisor.</p>
UWF Contact and Telephone Number	<p>Dr. Richard S. Podemski, Associate Vice President (850) 474-7712</p>
Estimated Corrective Action Date	<p>February 28, 2006</p>

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-113
CFDA Number	10.001, 10.200, 10.999, 20.999, 47.049, 66.460, 81.999, 93.110, and 93.865
Program Title	Research and Development Cluster (R&D) Agricultural Research Basic and Applied Research (10.001) Grants for Agricultural Research, Special Research Grants (10.200) U.S. Department of Agriculture – Other Federal Awards (10.999) U.S. Department of Transportation – Other Federal Awards (20.999) Mathematical and Physical Sciences (47.049) Nonpoint Source Implementation Grants (66.460) U.S. Department of Energy – Other Federal Awards (81.999) Maternal and Child Health Federal Consolidated Programs (93.110) Child Health and Human Development Extramural Research (93.865)
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	University of Florida (UF)
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 58-6435-3-0075, July 17, 2003 – July 16, 2008 CFDA No. 10.200 2003-34135-13903, September 15, 2003 – September 14, 2006 CFDA No. 10.999 58-6631-2-213, June 7, 2002 – September 30, 2004 CFDA No. 20.999 DTFH61-01-X-00018, October 1, 2001 – October 31, 2006 CFDA No. 47.049 DMR-0305228, June 15, 2003 – May 31, 2006 CFDA No. 66.460 G0024, September 12, 2002 – June 30, 2006 CFDA No. 81.999 DEFC36031D14437, April 23, 2003 – April 22, 2006 CFDA No. 93.110 H17MC02503, April 1, 2004 – February 28, 2009 CFDA No. 93.865 R21 HD044981, July 1, 2003 – June 30, 2006
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$146,721 (\$140,744 (various grants) and \$5,977 (\$815, grant No. 58-6631-2-213; \$1,007, grant No. DTFH61-01-X-00018; \$810, grant No. DMR-0305228, and \$1,277, grant No. R21HD044981; \$1,187, grant No. 2003-34135-13903; \$344, grant No. G0024; and \$537, grant No. H17MC02503))
Finding	The institution did not always properly monitor Federal grant expenditures to ensure documentation was on file to support amounts were valid, reasonable, and necessary, and travel expenditures for employees were paid at rates not authorized by State law.
Criteria	OMB Circular A-21, Section J., OMB Circular A-110, Subpart C, Section .27, and Section 112.061, Florida Statutes
Condition	We noted the following: 1. Expenditures charged for miscellaneous supplies and other charges totaling \$3,077, were not supported by invoices or other documentation evidencing that the expenditures benefited the grants (\$815 grant No.

58-6631-2-213, \$175 grant No. DTFH61-01-X-00018, \$810 grant No. DMR-0305228, and \$1,277 grant No. R21HD044981).

2. Travel expenditures totaling \$2,363 were not supported by documentation evidencing the authorization, purpose and benefit to the grants, or the times of departure and return for mileage claimed (\$1,187 grant No. 2003-34135-13903, \$832 grant No. DTFH61-01-X-00018, and \$344 grant No. G0024).
3. The institution reimbursed employees for mileage and meals at the U. S. General Services Administration (GSA) Domestic Per Diem Rate Schedule instead of rates authorized by Section 112.061, Florida Statutes. OMB Circular A-21, Sections C.2 and J.53 determine reasonableness, in part, by the restraints or requirements imposed by State Laws and regulations, and to the extent that such costs do not exceed charges normally allowed by the institution in its regular operations. According to information provided by the institution, the use of GSA rates in lieu of rates authorized by State law, resulted in overcharging Federal programs for employee mileage by approximately \$140,744. Meals were also charged at the GSA rates; however, the amounts Federal programs were overcharged for employee meals were not readily available.
4. Expenditures of \$57 were charged for general purpose software and no approved Cost Accounting Standards (CAS) exemption was provided. Also, expenditures of \$480 for employee lunches were not supported evidencing that the expenditures benefited the grant (grant No. H17MC02503).

Cause

The institution's procedures were not adequate to ensure that documentation was retained supporting the reasonableness and necessity of payments to the Federal grants tested. In addition, the institution maintains that the institution President has the authority to set reimbursement rates for travel at GSA rates in lieu of the rates authorized for public officers and employees in Section 112.061, Florida Statutes.

Effect

Federal grant funds may have been used for goods or services which were not allowable and reasonable under the terms of the Federal grants tested.

Recommendation

The institution should enhance its procedures to maintain documentation supporting the reasonableness and allowability of all charges and payments to Federal grants, and should follow reimbursement rates authorized by State law. Also, the institution should seek Federal clarification on resolution of the questioned costs totaling \$146,721.

**UF Response and
Corrective Action Plan**

Conditions 1 and 2:

The University was not able to provide adequate documentation to support the expenditures during the auditor's fieldwork. During the audit period the University used a post-audit process for review of expenditures and also used a document imaging system to store supporting documentation for expenditures. As a consequence of these processes, expenditures were charged to projects prior to receiving the documentation and in some cases failed to get into the imaging system in a timely manner. The University has subsequently obtained documentation which supports the expenditures in the majority of the cases, or has removed the charges from the projects. This documentation will be provided during the auditors' follow-up process. In addition, the University has changed its business process to a pre-audit of expenditures and requires supporting documentation to be provided to a central disbursement processing area before expenditures are approved for payment.

Condition 3:

GSA rates are approved per University policy. OMB Circular A-21, Sections C.2 and J.53 states that travel costs are to be based upon the charges that are consistent with those normally allowed in like circumstances in the institution's non-federally sponsored activities. The University of Florida has adopted the GSA Schedule and this is used for all institution travel. Because GSA Schedule rates are allowable charges to grants, the Federal programs are not being overcharged.

Condition 4:

The University will follow up with the departmental grants administrator to determine allowability of these charges.

UF Contact and Telephone Number

Michael McKee
(352) 392-1321

Estimated Corrective Action Date

June 30, 2006

Auditor's Remarks

We concur with the institution that travel costs paid with Federal grant moneys must be based on charges that are consistent with those normally allowed for non-Federally sponsored activities. Accordingly, travel costs paid with Federal grant moneys must be in accordance with Section 112.061, Florida Statutes, which establishes uniform maximum rates for per diem and travel expenses of public officers and employees, including institution employees. Absent specific authority to set rates other than those authorized in Section 112.061, Florida Statutes, the institution is without authority to reimburse employees for mileage and meals at the U.S. General Services Administration Domestic Per Diem Rate Schedule.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-114
CFDA Number	12.300, 12.999, and 43.999
Program Title	Research and Development Cluster (R&D) Basic and Applied Scientific Research (12.300) U.S. Department of Defense Other Federal Awards (12.999) NASA Other Federal Awards (43.999)
Compliance Requirement	Allowable Costs/Cost Principles
State Educational Entity	University of West Florida (UWF)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.300 N000014-04-1-0384, April 5, 2004 – September 30, 2005 CFDA No. 12.999 DAAD19-01-2-0009, July 1, 2001 – September 30, 2009 CFDA No. 43.999 NCC2-1399, April 1, 2003 – March 31, 2005 NCC2-1413, July 1, 2003 – September 30, 2004
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs - \$58,970 (\$58,898, grant No. DAAD19-01-2-0009 and \$72, grant No. NCC2-1413)
Finding	<p>The institution did not receive the required grantor approval for continuation of Federal grant No. N000014-04-1-0384 prior to the separation of the principal investigator (PI) from employment with the institution. Pursuant to audit inquiry, the institution requested and received grantor approval in January 2006 for the change in the status of the PI, approximately 10 months after the PI separated from employment, and approximately 3 months after the grant ended. Subsequent to the PI's separation, grant charges were not properly approved as allowable, allocable, and reasonable.</p> <p>Our tests of Federal grant Nos. N000014-04-1-0384, NCC2-1399, and NCC2-1413 disclosed several instances in which expenditures were not adequately documented as to the purpose and direct relationship to the grant. In addition, the institution did not receive approval from the grantor for the implementation of a chargeback procedure whereby the institution reimbursed an affiliated not-for-profit corporation for salaries and fringe benefits paid to non-institution employees working on institution Federal grant No. DAAD19-01-2-0009.</p>
Criteria	<p>OMB Circular A-110, Subpart C, Section .25(c) – For nonconstruction awards, recipients must request prior approval from Federal awarding agencies for the following: (1) change in a key person specified in the application or award document; (2) absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator; or (3) subaward, transfer, or contracting out of any work under the grant unless described in the application and funded in the approved award.</p> <p>OMB Circular A-21, Section C.4.d.(1) and (4) – The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable. If the institution authorizes the principal investigator or other individual to have primary responsibility for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator) will normally be considered sufficient.</p> <p>OMB Circular A-21, Section J.10. – Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. These</p>

costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution.

32 CFR 32.25 – Recipients of nonconstruction awards are required to request prior approval from the cognizant grants officer for a change in a key person specified in the grant application or award document and for the absence for more than three months or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator.

Office of Naval Research - Research Grant Terms and Conditions, Article 7(a) – Support for the project may not continue without the active direction of the principal investigator approved for and identified in the grant award. If the approved principal investigator terminates their employment with the institution, the institution must either: (1) appoint a replacement principal investigator with the approval of the grantor, or (2) terminate the grant.

UWF, Office of Research Procedures Manual Part II, B.4.b. – Action sheets, travel authorization requests, reimbursements, requisitions, professional services contracts, and all other grant spending requires the signature of the principal investigator and should be initiated by the principal investigator.

Condition

In February 2004, the Institute for Human and Machine Cognition, an institutional department, became the Florida Institute for Human and Machine Cognition, (FIHMC) Inc., a separate not-for-profit corporation at the institution to actively propose and accept grants and contracts for conducting basic and applied research. The institution and FIHMC entered into an affiliation agreement, and subsequent addendums and attachments, to document responsibilities between the two parties. The first addendum provides for the transition of PIs and associated staff working on certain Federal contracts and grants from institution employment to FIHMC employment. An attachment to this addendum establishes certain chargeback procedures whereby the institution will reimburse FIHMC for salaries and benefits paid to FIHMC employees who continue to work on Federal grants awarded to the institution. This attachment further provides that the institution and FIHMC agree to obtain approval for the chargeback procedure from the appropriate cognizant and granting agencies.

Effective February 26, 2005, the PI for grant No. N000014-04-1-0384, separated employment with the institution. Institution personnel were unable to provide us with evidence of prior written approval from the grantor allowing the PI to continue working in and administering the grant subsequent to separation of employment from the institution. Pursuant to our inquiry, institution personnel provided us with a letter dated December 12, 2005, drafted by personnel at FIHMC. The letter requested after-the-fact approval from the grant technical officer for the change in status of the PI. The grant technical officer and the administrative contracting officer subsequently signed the letter indicating after-the-fact approval of the change in the status of the PI. Notwithstanding the after-the-fact approval by the grantor, the institution failed to obtain prior grantor approval required by Federal cost principles, Federal regulations, and the affiliation agreement between the institution and FIHMC. Grant charges incurred subsequent to the date of the PI's separation from the institution on February 26, 2005, through December 13, 2005, totaled \$430,580.

Our tests disclosed that the following payments were not adequately documented in the institution's records as directly related to the accomplishment of grant related tasks:

- Grant No. N000014-04-1-0384 – Documentation was not available in the institution's records to adequately support \$5,716 of travel payments and related facilities and administrative (F&A) charges as appropriate grant charges. Travel charges were paid for 1 traveler who was not an institution

employee and was not noted in the grant file as working on the grant. Explanations and justifications noted on the travel documents for 2 other travelers did not adequately document the purpose and direct relationship of the travel to the grant. For example, travel documents indicated that the purpose of the travel was for "IHMC Meetings in Washington, D.C." and "to meet with collaborators in Rochester;" however, that information does not indicate the relationship of the travel to the grant. There was no documentation evidencing that the PI reviewed and approved travel charges incurred by 2 of the 3 travelers.

- Grant No. NCC2-1413 – Travel payments totaling \$6,563 were not adequately documented as directly related to the accomplishment of grant related tasks. Five of the 13 travel expenditures tested were for the payment of travel costs for employees not paid from the grant at the time of the travel. Explanations and justifications noted on the travel documents for 3 of the 13 travel expenditures tested did not adequately document the purpose and direct relationship of the travel to the grant. For example, travel documents indicated that the purpose of the travel was to "attend meetings in Philadelphia, PA" and "attend meeting in San Francisco, CA;" however, that information does not indicate the relationship of the travel to the grant. There was no documentation evidencing that the PI reviewed and approved 9 of the 13 travel expenditures tested. One instance was noted in which the institution paid \$174 to both the traveler and the vendor for the cost of a rental car; \$72 of this duplicate payment was incorrectly allocated to grant No. NCC2-1413.
- Grant No. NCC2-1399 - For 6 travel expenditures tested totaling \$4,440, travel costs and related F&A charges were not adequately documented as directly related to the accomplishment of grant related tasks. These expenditures were for the payment of travel costs for employees not paid from the grant at the time of the travel, and one of the employees had never been paid from the grant. Explanations and justifications noted on the travel documents for these expenditures did not adequately document the direct relationship of the travel to the grant, and the trips were not included in the grant budget. There was no documentation evidencing that the PI reviewed and approved 4 of the 6 travel charges tested. In addition, Federal grant funds totaling \$4,144 were used to purchase a computer and monitor which were not approved in the grant budget.

Pursuant to our inquiry, institution personnel provided us with 3 letters each dated December 12, 2005, addressed to grant personnel for the above grants. The letters were drafted by personnel at FIHMC, not the institution that was the recipient of the grants, and were for the purpose of requesting after-the-fact grantor approval of the questioned charges noted above. Each of the letters included the name of the traveler, the amount of the expenditure, and a statement certifying that the expenditures and trips were made in direct support of work on the grant and each letter was signed by grantor personnel indicating after-the-fact approval of the questioned expenditures. However, the letters did not document that FIHMC had provided grantor personnel with the details of the questioned charges, including the destination, stated purpose of the travel, that the traveler had never been paid from the grant, or that the traveler was paid from another grant during the time of the travel. Absent this information, it would appear that grantor personnel relied solely on the certification by FIHMC personnel that the questioned expenditures were for support of work on the grants.

In addition, the institution paid FIHMC \$23,912 from grant No. DAAD19-01-2-0009 during the 2004-05 fiscal year for salaries and fringe benefits without receiving approval from the respective contracting or grant officers or the institution's cognizant agency. The institution continued to make payments from the grant to FIHMC for salaries and benefits through November 30, 2005, totaling an additional \$34,986. The institution recorded the payments to FIHMC as salaries, contrary to the provisions of OMB Circular A-21, Section J.10., which defines compensation for personal services as payments for services performed by employees. Documentation was not available in institution records to support these payments to FIHMC totaling \$58,898.

Cause	Institution personnel failed to obtain prior approval from the contracting or grant officer for continuation of a grant subsequent to the separation of the PI from the institution. Controls over the review and approval of grant expenditures were not adequate to ensure that cost principles and institution procedures were followed. Also, institution personnel failed to obtain prior grantor and cognizant agency approval for employee compensation payments paid to FIHMC.
Effect	Noncompliance with cost principles and institution procedures, including failure to document that all grant expenditures directly relate to the accomplishment of grant related tasks prior to incurring the expenditures, may result in disallowed costs by the grantors.
Recommendation	The institution should enhance its procedures to ensure that any changes in the status of key personnel working in Federal grants are approved by the grantor prior to the implementation of the change; that grant expenditures are adequately documented to evidence a direct relationship of the charges to the accomplishment of grant related tasks; and that salary payments to non-institution employees are approved by the contracting or grants officer and the institution's cognizant agency prior to payment. Resolution of any questioned costs is the responsibility of the Federal grantors.
UWF Response and Corrective Action Plan	The UWF Board of Trustees and the FIHMC Board of Directors worked diligently to create an Affiliation Agreement that honored the legislative intent of Section 1004.447, F. S. and to ensure compliance with applicable OMB Circulars. As such, the Affiliation Agreement incorporates specific requirements with appropriate references to the OMB circulars that apply throughout the document. All grantor agencies were notified of the transition and provided copies of the procedures contained in the signed Affiliation Agreement. Implementing Section 1004.447 of the Florida Statutes presented unique challenges and administrative complexities for the University and the Board for FIHMC. The Affiliation Agreement, as required by Section 1004.447, F.S., was developed to provide a mechanism for transition of FIHMC to an affiliate of the University in accordance with the statute. The procedure was developed in good faith by UWF and FIHMC and included input from sponsored research staff, accountants, internal audit staff and in house counsel on both sides to ensure compliance with applicable rules and regulations. The resulting agreement incorporated the best policies and practices of both parties and was vetted and approved by the Boards of the respective organizations. The university maintained control of the grants at all times and therefore, believes it was in compliance with Federal regulations and granting agency requirements. Pursuant to Florida Statute 1004.447 FIHMC was created and "established at the University of West Florida." However, for future awards, UWF will ensure that prior approval from the granting agency will be obtained before terminating key employees from UWF. Adequate documentation, which is directly identifiable to the charges against grant related tasks, will also be maintained. Prior approval will be obtained from the appropriate agency, whenever non-employee salaries are paid. UWF has worked and will work with the granting agencies to resolve any questioned costs as a result of this finding.

**UWF Contact and
Telephone Number**

Dr. Richard S. Podemski, Associate Vice President for Research
(850) 474-7712

**Estimated Corrective
Action Date**

February 28, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-115
CFDA Number	12.431 and 81.087
Program Title	Research and Development Cluster (R&D) Basic Scientific Research (12.431) Renewable Energy Research and Development (81.087)
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. 12.431 DAAD190110621, June 1, 2001 – December 31, 2005 CFDA No. 81.087 DEFC2699GO10478, September 1, 1999 – March 31, 2006
Finding Type	Material Noncompliance
Finding	For two of five grants reviewed, the institution charged \$45,746 (\$9,562 for grant No. DAAD190110621 and \$36,184 for grant No. DEFC2699GO10478) of indirect costs (clerical) as direct costs. To charge indirect costs as direct, the charges must qualify for CAS exemptions. CAS exemptions are to be used to charge indirect costs as direct costs and are to be applied to unlike circumstances. It was not clear that the CAS exemptions used by the institution were contemplated by the cognizant agency (USDHHS) as meeting the criteria for “unlike circumstances.” Additionally, because the institution could not track the number of grants using CAS exemptions, and could not provide a list of affected grants, the institution could not determine the extent to which CAS exemptions were being used.
Criteria	OMB Circular A-21, Section F.6.b.
Condition	During most of the 2004-05 fiscal year, the institution could not determine the number of grants that utilized CAS exemptions, as the institution did not track (identifier in system) the use of these exemptions. In April 2005, the institution implemented new procedures along with new forms requiring each department using CAS exemptions to complete the new form and have it reviewed and approved by the institution’s Office of Research and Commercialization. These new procedures should allow the institution to track future grants with CAS exemptions. Subsequent to audit inquiry, the institution attempted to substantiate the charging of indirect clerical costs totaling \$45,746 (\$9,562 for grant No. DAAD190110621 and \$36,184 for grant No. DEFC2699GO10478) as direct charges by reviewing the CAS exemption forms filed with the Office of Research and Commercialization at the institution. However, the institution was unable to create a current listing of approved CAS exemptions. In addition, the institution had not completed their CAS exemption forms to indicate that the noted costs were researched and approved prior to charging them as direct costs. A similar finding was noted in report No. 2005-158, finding No. FA 04-111.
Cause	While Circular A-21 allows indirect items to be charged as direct costs in unlike circumstances, it appears that 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 services that are not allowable. If it is determined by USDHHS that CAS exemptions are disallowed, the institution may be required to return disallowed costs.
Recommendation	The institution should continue to 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, the institution should continue its efforts to identify and quantify the number of grants using CAS exemptions to determine that unlike circumstances are determinable and evident.

**UCF Response and
Corrective Action Plan**

The university has submitted its CAS/Major Project exemption policies and procedures to DHHS concerning CAS exemptions. The university will share any feedback received from DHHS with the auditors.

The university's CAS/Major Project policies, including types of costs, definitions, and request forms are located on the Office of Research & Commercialization's Web site: <http://www.research.ucf.edu/Compliance/>. The Office of Research & Commercialization has created a CAS/Major Project exemption software tool to track and monitor approved exemptions by sponsored project for each fiscal year.

To enhance understanding and adherence with these policies and procedures, the university has issued memorandum guidelines that require the Office of Research & Commercialization to pre-approve the use of administrative and clerical personnel on sponsored projects. In addition, the Office of Research & Commercialization has identified and posted job code classifications requiring CAS/Major Project Exemptions, and is currently conducting monthly compliance training sessions that include procedure, policy, and guideline information concerning CAS exemptions for faculty, students, and departmental supervisors.

The Office of Research & Commercialization's new contract and grant compliance guidelines and procedures will include pre-reviewing salary and cost transfer requests enabling compliance personnel to monitor administrative and clerical payroll actions that may be subject to CAS.

**UCF Contact and
Telephone Number**

Tom O'Neal, Associate Vice President for Research
(407) 882-1120

**Estimated Corrective
Action Date**

February 3, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-116
CFDA Number	Various
Program Title	Research and Development Cluster (R&D)
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	Various
Finding Type	Material Noncompliance
Finding	During the 2004-05 fiscal year, the institution applied CAS exemptions totaling \$5,796,937 to 98 grant accounts for salaries and benefits, and \$659,658 to 244 grant accounts for other expenditures. CAS exemptions are used to charge indirect costs as direct costs and are to be applied for unlike and unusual circumstances. It is not clear whether the CAS exemptions used by the institution met the criteria for “unlike circumstances” as contemplated by the U.S. Department of Health and Human Services (USDHHS), the cognizant agency.
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 Federal grants. The institution determines that such circumstances exist when a Federal grant, due to its size and nature, requires administrative or clerical services or supplies, postage, or telecommunication 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 institution evaluates the existence of unlike circumstances on a project-by-project basis, and in certain instances the institution may apply CAS exemptions retroactively if it subsequently determined that a cost met the institution’s criteria for exemption. A similar finding was noted in audit report No. 2005-158, finding No. 04-112.
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 grants may have been overcharged for goods or services that were charged at 100 percent as direct costs instead of being charged at the lesser indirect cost rate. If it is determined by USDHHS that any CAS exemptions are disallowed, the institution may be required to return disallowed costs.
Recommendation	The institution should seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation as to whether the institution is using CAS exemptions that meet the criteria for unlike circumstances as contemplated by the cognizant agency.
UF Response and Corrective Action Plan	The University has a consistent policy in place for evaluating and approving the charging of costs directly or indirectly to federal grants. Per the University’s policy, and in compliance with OMB Circular A-21, an exemption from CAS requires demonstration of unlike circumstances. The University’s policy is located at (http://fa.ufl.edu/cg/capolicy/chargingcosts-p.html) and includes a link to a CAS Exemption Form (http://rgp.ufl.edu/research/pdf/casexemptionform.pdf) that

is the primary document used by the Division of Sponsored Research (DSR) to determine whether an exemption request should be approved. This request is reviewed at the central level for the entire institution to ensure that the request is appropriate. This policy has been in place since July 1, 1996.

CAS related costs with approved exemptions charged to federal grants are not considered overcharges as they have been reviewed and approved per institutional policy for direct charging. Approved CAS exemptions are accumulated and allocated appropriately in the University's accounting system in accordance with OMB Circular A-21. The existing CAS exemption approval process at the University of Florida ensures that adequate documentation is provided to support these costs before they are allowed to be charged against a federal grant.

The University has not submitted the final revised institutional disclosure statement (DS-2) to the Defense Contract Audit Agency (DCAA) who will review it on behalf of USDHHS. The University will seek clarification of this issue at that time. Although the University has no control over the DCAA audit schedule, this review is expected during the 2006-2007 fiscal year.

**UF Contact and
Telephone Number**
**Estimated Corrective
Action Date**

Michael McKee
(352) 392-1321
June 30, 2007

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-117
CFDA Number	12.431, 12.910, 47.070, 84.133 and 93.853
Program Title	Research & Development Cluster (R&D) Port Surveillance and Security System (PS3) (12.431) National Institute for Systems Testing and Productivity (12.910) CISE Research Resources: R4: Rescue Robots for Research and Response (47.070) National Institute on Disability and Rehabilitation Research (84.133) Computational Studies of the Respiratory Brainstem (93.853)
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	University of South Florida (USF)
Pass-Through Agency	STS International, Inc. (CFDA No. 12.431 only)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.431 DAAB07-03-C-P210, July 14, 2003 - September 30, 2005 CFDA No. 12.910 N00039-02-C-3244, October 1, 2004 – September 30, 2005 CFDA No. 47.070 EAIA-0224401, October 1, 2002 – September 30, 2005 CFDA No. 84.133 H133B980005-02, October 1, 2002 – September 30, 2004 CFDA No. 83.853 5R01NS46062-03, September 30, 2002 – August 31, 2007
Finding Type	Material Noncompliance
Finding	<p>Cost Accounting Standard (CAS) exemptions are to be used to charge items normally considered indirect costs (F&A, Facilities and Administration) as direct costs and the exemptions are to be applied only in unlike circumstances. In addition, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs (indirect). Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs.</p> <p>We noted that the institution approved CAS exemptions for four of five R&D grants tested, but it is not clear that these CAS exemptions were contemplated by the cognizant agency (USDHHS) nor did the institution have documented approval from the sponsoring agencies that these CAS exemptions met the criteria for “unlike circumstances.” The institution provided a list of 1,125 grants; of which 257 (22.8%) had CAS exemptions. A similar finding was noted in report No. 2005-158 finding No. FA 04-113.</p>
Criteria	OMB Circular A-21, Section F.6.b.

Condition

For five grants tested (of which four had approved institution CAS exemption forms), the institution included as direct charges \$11,596 for departmental charges such as telephones and office supplies that would normally be included in the institution's indirect cost recovery rate proposal. The institution claimed the charges as exempt from being reported as indirect costs for the following grants:

<u>Federal Grant No.</u>	<u>Amount</u>
DAAB07-03-C-P210	\$ 237
N00039-02-C-3244	1,747
EAIA-0224401	9,456
H133B980005-02	140
5R01NS46062-03	16

Cause

While OMB Circular A-21 allows F&A (indirect items) to be charged 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.

Effect

Federal funds may have been overcharged for goods and services that were charged at 100% as direct costs instead of being charged at the lesser indirect cost rate percentage. If it is determined by the USDHHS that any exemptions are disallowed, the institution may be required to return any disallowed costs.

Recommendation

The institution should 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

USF has a process in place to review all CAS exceptions for conformance with the requirements established in OMB Circular A-21. While the institution believes that the charges identified by the auditors as CAS exceptions meet the criteria for unlike circumstances set forth in the federal regulations, it acknowledges that the form used did not document specific reasons to show how we determined that a grant was exempt from federal cost accounting standards. USF will amend the form to allow for better documentation for recording how the institution determines that a project is exempt from CAS. In addition, USF's proposal process will ensure that any CAS exceptions are clearly justified in each proposal.

USF Contact and Telephone Number

Nick Trivunovich, Controller
(813) 974-7696

Estimated Corrective Action Date

April 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-118
CFDA Number	10.001, 12.431, and 81.087
Program Title	Research and Development Cluster (R&D) Agricultural Research – Basic and Applied Research (10.001) Basic Scientific Research (12.431) Renewable Energy Research and Development (81.087)
Compliance Requirement	Allowable Costs/Cost Principles – Cost Transfers
State Educational Entity	University of Central Florida (UCF)
Pass-Through Agency	Lockheed Martin for CFDA 12.431 - grant No. 88MMZB992
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 5836112106, March 4, 2002 – January 14, 2007 CFDA No. 12.431 DAAD190110621, June 1, 2001 – December 31, 2005 88MMZB992, September 11, 2003 – February 28, 2005 CFDA No. 81.087 DEFC2699GO10478, September 1, 1999 – March 31, 2006
Finding Type	Material Noncompliance Questioned Costs – \$23,544 (\$4,771, grant No. 5836112106; \$6,516, grant No. DAAD190110621; \$11,836, grant No. 88MMZB992; and \$421, grant No. DEFC2699GO10478)
Finding	The institution utilized cost transfers to move expenditures between grants without adequate support to document the allowability and necessity of these transfers. Additionally, some of these cost transfers were not completed in a timely manner.
Criteria	OMB Circular A-21, Section C.4.b. and USDHHS Grants Administrative Manual, Chapter 6-05
Condition	We noted the following: <ul style="list-style-type: none"> • For grant No. 5836112106, OPS salary charges totaling \$4,771 were transferred from this grant to a non-Federal grant from 14 to 31.5 months after the charges were incurred. Similarly, two cost transfers charged to grant No. DEFC2699GO10478, totaling \$421, were made 5.5 months (\$68) and 14 months (\$353) after the original charges were incurred. • Grant No. DAAD190110621 - Costs from over expended grants totaling \$6,516 were transferred into this grant with remaining budget funds. Adequate documentation was not provided to support this transfer and charge to the grant. • Grant No. 88MMZB992 - During our review of the closeout procedures for this grant, we noted that \$11,836 of payroll charges were transferred into the grant on March 30, 2005. These charges were for a Principal Investigator's (PI) salary that was initially charged to other Federal grants for pay periods ending December 16, 2004; December 30, 2004; and January 13, 2005. These charges were not supported by time and effort reports.
Cause	Controls over the review and approval of cost transfers were not adequate to ensure that these transfers were properly supported and completed in a timely manner.
Effect	Grant funds may have been used to pay for the cost of goods or services incurred on behalf of a grant award other than the one to which it was transferred, and the costs may not be allowable for the grants to which the charges were transferred.

Also, late or inadequately explained transfers raise questions about the propriety of the transfers themselves, and the overall reliability of the institution's accounting system and internal controls.

Recommendation

The institution should strengthen its procedures for supporting, reviewing, and approving transfers of expenditures between grants to ensure that costs are charged to the appropriate program and that transfers are completed in a timely manner. As recommended in the USDHHS Grants Administrative Manual, as a sound business practice, transfers should be completed generally within 4 months of the original charge. The institution should also seek clarification from the Federal grantors regarding resolution of the questioned costs.

**UCF Response and
Corrective Action Plan**

In October 2005, as part of its interim time and effort policy, the university strengthened its procedures related to supporting, reviewing, and approving transfers of expenditures between grants to ensure the costs are charged to the appropriate program and that transfers are completed in a timely manner. The revised policies are posted on the UCF Office of Research & Commercialization's Web site <http://www.research.ucf.edu/Compliance/>.

Further revisions to the university's cost transfer policies and procedures are expected to go into effect in early 2006. These revisions will include more robust review and approval procedures. For example, the revised policies and procedures will require: 1) Office of Research & Commercialization approval of cost transfers processed under sponsored projects; 2) Additional justification and back-up documentation requirements for cost transfers; 3) Approval by the principal investigator or designated official; 4) That in general, transfers must be completed within 90 days of the original transaction date; and, 5) Request for transfers of expenditures that are older than 90 days will be evaluated on a case-by-case basis in accordance with sponsor guidelines and Federal regulations (OMB Circulars A-21 and A-110).

The university developed a new on-line cost transfer form that requires requesters to provide individual personnel data to track cost and adjusted effort. The on-line transfer form will be used to capture and report employee's changed effort on a "real-time" basis.

To enhance compliance with these interim policies and procedures, the university is currently conducting monthly compliance training sessions to include cost transfer requirements for faculty, students, and departmental supervisors.

**UCF Contact and
Telephone Number**

Tom O'Neal, Associate Vice President for Research
(407) 882-1120

**Estimated Corrective
Action Date**

February 3, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-119
CFDA Number	Various
Program Title	Various
Compliance Requirement	Cash Management – Expired Grant Accounts
State Educational Entity	Florida Agricultural & Mechanical University (FAMU)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	The institution's accounting records reflected numerous expired contract and grant accounts that had either positive or negative cash balances, indicating that these accounts were not properly monitored and closed by the institution.
Criteria	OMB Circular A-110, Subpart D, Section .71
Condition	<p>As of June 30, 2005, there were 1,027 expired contract and grant accounts still open or active dating back to 1986. These accounts included positive cash balances totaling \$7,856,094 and negative cash balances totaling \$13,198,946. Of these 1,027 accounts, 3 had zero cash balances.</p> <p>Our review also indicated that there were additional expired contract and grant accounts still open or active which were recorded in a project 99999 account. However, the institution could not quantify the number of expired grants and outstanding cash balances as the 99999 project account is also used for other purposes.</p>
Cause	The institution's procedures were not adequate to monitor the contract and grant accounts to ensure that balances did not remain in expired accounts and that such accounts were properly closed in accordance with grant terms. A similar finding was noted in audit report No. 2005-032, finding No. 14.
Effect	Although the final determination of these accounts is not yet known, the likelihood of collecting Federal amounts due is low and may result in a significant loss for the institution because the reimbursement time periods have been exceeded or the grant accounts have been closed.
Recommendation	The institution should continue its efforts to review and monitor contract and grant accounts to ensure that balances do not remain in expired accounts and that such accounts are properly closed in accordance with grant terms.
FAMU Response and Corrective Action Plan	The institution concurs with this finding. As stated in your recommendation, Contracts and Grants will continue to devote efforts towards ensuring that contracts are closed in a timely manner. Contracts and Grants has two staff members assisted by KPMG consultants who are working towards closing projects that expired on or before June 30, 2004. In addition, new policies and procedures dated July 20, 2005, have been provided to the accounting coordinators outlining the close-out process that they should follow in closing contracts subsequent to June 30, 2004.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	6/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-120
CFDA Number	Various
Program Title	Research and Development Cluster (R&D)
Compliance Requirement	Cash Management
State Educational Entity	University of Florida (UF)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Reportable Condition
Finding	Records were not maintained within the institution's accounting system to adequately identify cash, accounts receivables, and unobligated balances by Federal contract and grant award.
Criteria	OMB Circular A-110, Subpart C, Section .21
Condition	During the 2004-05 fiscal year, the institution drew cash from Federal agencies based on Federal expenditures, adjusted for prior year ending cash balances; however, the institution did not apply and maintain accountability of the cash drawn by Federal contract and grant award within its accounting system. The institution provided us with detail listings of amounts receivable by contract and grant; however, such amounts included: 1) balances that had not been offset with other balances from the same sponsoring agency; 2) cash balances that had not been transferred to residual accounts relating to fixed fee contracts and grants that had ended; 3) balances in sponsored program holding accounts; or 4) unobligated balances. Consequently, there may be excess cash and interest earned that should have been remitted to the applicable Federal agencies.
Cause	The institution implemented a new financial management system on July 1, 2004; however, functionality problems with the contracts and grants receivable module prevented identification of cash, accounts receivable, and unobligated balances at the sponsoring agency and award level during the fiscal year.
Effect	The institution may be holding Federal excess cash for some Federal agencies, programs, or awards for which interest would be due to the Federal government.
Recommendation	The institution should implement procedures to provide for separate accountability of Federal contract and grants cash, accounts receivable, and unobligated balances by contract and grant award.
UF Response and Corrective Action Plan	Effective October 3, 2005, the University turned off the Contracts and Grants (C&G) Billing and AR modules in myUFL. The University began using a stand-alone access database AR Tracking system for all C&G offices. All non-LOC (Letter of Credit) projects have been loaded into this system and billing and payment information is now recorded by project in this subsidiary system. LOC projects are tracked in another system outside of myUFL. Work is ongoing to identify transactions at the project level that remain in the myUFL accounting system in an effort to move all transactions, including cash balances to the correct projects. Because of the timing of cash draws in relation to expenditures on Federal projects, the University does not believe they were holding any excess Federal cash.
UF Contact and Telephone Number	Michael McKee (352) 392-1321
Estimated Corrective Action Date	June 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-121
CFDA Number	84.305 and 93.273
Program Title	Research & Development Cluster (R&D) Preschool Curriculum Evaluation Research Grant Program (84.305) Randomized Trial of a Stage-based Primary Care Program (93.273)
Compliance Requirement	Cash Management
State Educational Entity	University of North Florida (UNF)
Federal Grant/Contract Number and Grant Year	CFDA No. 84.305 R305J020040-04, July 15, 2002 - July 14, 2006 CFDA No. 93.273 5 R01 AA009283-12, July 1, 1992 - April 30, 2005
Finding Type	Material Noncompliance Questioned Costs – \$289,773 (\$287,523 excess cash, and \$2,250 interest, for grant No. 5 R01 AA009283-12)
Finding	The institution's procedures for determining the timing of the request for, and amount of, cash draws were not adequate. For two of three reimbursable Federal grants tested, cumulative cash draws requested exceeded immediate cash needs, which resulted in excess cash balances being retained. In addition, interest earned greater than \$250 was not returned to the grantor agency as required.
Criteria	OMB Circular A-110, Subpart C, Section .22
Condition	For grant No. R305J020040-04, as of June 30, 2005, the institution had an excess cash balance of \$217,483, and the excess funds were not fully expended until December 2005. For grant No. 5 R01 AA009283-12, as of June 30, 2005, the institution had an excess cash balance of \$287,523 even though the grant had been transferred to another institution on August 31, 2004. Also, as of January 25, 2006, the excess cash balance remained and interest in excess of \$250, of approximately \$2,250 for the 2004-05 fiscal year, had not been remitted to the U.S. Department of Health and Human Services (USDHHS).
Cause	The institution did not have adequate procedures to monitor Federal grant reimbursement requests to ensure that the Federal cash requested did not exceed immediate cash needs.
Effect	The institution requested funds in excess of immediate cash needs and retained excess funds that should have been returned to the grantor agencies, and interest was earned on excess Federal funds and not timely remitted.
Recommendation	The institution should establish effective monitoring procedures that would limit Federal grant drawdowns to immediate cash needs and should time such requests in accordance with actual immediate cash requirements. In addition, the institution should return the excess cash balance, and the unremitted interest greater than \$250 for grant No. 5 R01 AA009283-12, to USDHHS.
UNF Response and Corrective Action Plan	The excess balance of \$287,522.66 plus accrued interest in the amount of \$2,253.49 for grant No. 5 R01 AA009283-12 will be returned to the the USDHHS. The Division of Sponsored Research and Training has revised its internal procedures for calculating, performing, and monitoring cash draws of Federal funds to ensure cash on hand does not exceed current expenditures.

**UNF Contact and
Telephone Number**

Dawn Boatman
(904) 620-2441

**Estimated Corrective
Action Date**

Return of excess funds - March 17, 2006

Written procedures for monitoring Federal grant drawdowns - April 30, 2006

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number	FA 05-122
CFDA Number	20.514
Program Title	Research and Development Cluster (R&D) Federal Transit Agency - University Consortium for Intermodal Transportation Safety and Security
Compliance Requirement	Equipment and Real Property Management
State Educational Entity	Florida Atlantic University (FAU)
Federal Grant/Contract Number and Grant Year	FL-26-7102-00 July 16, 2004 – August 31, 2007
Finding Type	Material Noncompliance Questioned Costs – \$48,320
Finding	The institution did not have adequate procedures to timely tag property items. Off-campus property authorization forms were not being consistently used, and it was not apparent why some property purchases were necessary and reasonable for program activities.
Criteria	OMB Circular A-21, Section C and OMB Circular A-110, Subpart C, Section .34(f), and the Institution's Policies and Procedures on Tangible Personal Property
Condition	As of September 28, 2005, for 1 of 4 equipment purchases tested, which represented the acquisition of 11 computers at a cost of \$48,320 that were received in March 2005, we noted the following: <ul style="list-style-type: none"> • While property tags had been issued for all 11 computers purchased, none of the computers had been tagged, approximately 6 months after receipt, and only 1 of the 11 computers, costing \$1,949, was in use on campus. • Two of the 11 computers, costing \$17,279, were being used off-campus by an employee; however, no paperwork had been completed authorizing the off-campus use. • The remaining eight computers, costing \$29,092, were not being used, but were instead located in a locked storage room (7 were in unopened boxes and 1 was in an opened box).
Cause	The institution stated that the purchases were made for new staff that were never hired. Since the items were stored unopened, property personnel were waiting for the computers to be put to use before tagging them.
Effect	Inadequate control over property acquired with Federal funds, including the failure to tag property items to identify ownership, increases the risk that a loss or theft of property may occur and not be timely detected by institution personnel. In addition, items purchased with Federal funds were not timely put to use for program activities and costs may be disallowed.
Recommendation	The institution should enhance its procedures to ensure that all Federal property is adequately accounted for and timely tagged to identify ownership, and that equipment purchases are reasonable and necessary for the program prior to approving the purchase. The institution should also seek clarification from the Federal grantor regarding resolution of the questioned costs.
FAU Response and Corrective Action Plan	The University's Property Office will enhance their policies and procedures to incorporate the timing of tagging items received. The Division of Research will ensure that prior to the approval of the purchase, Federal funds are spent only on the program's reasonable and necessary expenditures.

**FAU Contact and
Telephone Number**

Jay Semmel, Associate, Assistant Vice President-Research, (561) 297-0118
Stacey Semmel, Controller, (561) 297-3102

**Estimated Corrective
Action Date**

March 31, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-123
CFDA Number	12.431, 47.049, and 47.076
Program Title	Research and Development Cluster (R&D) Basic Scientific Research (CFDA 12.431) Mathematical and Physical Sciences (CFDA 47.049) Education and Human Resources (CFDA 47.076)
Compliance Requirement	Equipment and Real Property Management
State Educational Entity	Florida International University (FIU)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.431 W911NF-04-1-0022, November 1, 2003 - October 31, 2004 CFDA No. 47.049 CHE-0420874, October 1, 2004 - September 30, 2007 CFDA No. 47.076 PHY-0312038, September 1, 2003 - August 31, 2006
Finding Type	Material Noncompliance Questioned Costs - \$787,207 (\$400,070, grant No. W911NF-04-1-0022; \$376,334, grant No. CHE-0420874; and \$10,873, grant No. PHY-0312038)
Finding	The institution did not always properly review, maintain, and accurately record equipment in its property management system.
Criteria	OMB Circular A-110, Subpart C, Section .34
Condition	We noted the following: <ul style="list-style-type: none"> • Grant No. W911NF-04-1-0022 – 1 property item, costing \$400,000, was purchased on July 16, 2004, and tagged January 19, 2006, 18 months after the acquisition date. • Grant No. CHE-0420874 - For 2 of 5 property items tested, equipment totaling \$376,334 was not properly identified and recorded in the institution's asset management system. Subsequent to audit inquiry, the institution recorded the 2 equipment items in the asset management system and determined that the items had not been recorded into the records because of errors on the purchase orders. • Grant No. PHY-0312038 – For 2 of 4 property items tested, equipment totaling \$10,873 was not available for physical inspection. The institution was unable to locate the property items because there was no documentation of off-site usage available. Subsequent to audit inquiry, the institution determined that the property items were out of the country for Federal program purposes.
Cause	The institution's established procedures were not adequate to ensure that fixed assets are properly identified and accurately recorded.
Effect	Inadequate control over property acquired with Federal funds, including the failure to tag property items to identify ownership or to record such items in the property records, increases the risk that a loss or theft of property may occur and not be timely detected by institution personnel.
Recommendation	The institution should enhance its procedures to promptly tag, identify, and record property items purchased with Federal funds. The institution should also seek clarification from the Federal grantors regarding resolution of the questioned costs.

**FIU Response and
Corrective Action Plan**

The Property Control office has taken the following corrective actions:

1. Grant W911NF-04-1-0022

The property item, a digital spectrometer, had a six month delivery time and due to delays in the remodeling of the room to accommodate this equipment, the item was not installed or available for tagging until July 2005. Due to the highly sensitive nature of this equipment (magnetic) the equipment was not immediately tagged. In January 2006, Property personnel issued a duplicate tag and tagged the workstation purchased and used in conjunction with this equipment at the same location.

When tags are issued to departments for the accountable officer to attach to the equipment, Property Control will follow up with departments in a timely manner to verify that items have been tagged.

2. Grant CHE-0420874

The two items selected for audit did not get properly recorded into the Master Property file because the category selected was not assigned an asset profile on the Purchase order. As noted in the audit, the Property Office has already corrected this error by recording these two items in the Asset Management Property Master File.

All OCO [operating capital outlay] categories in the Purchasing module have been checked to ensure asset profiles have been correctly assigned.

3. Grant PHY-0312038

The Accountable Officer (PI) for this project did not follow University procedures to properly notify Property Control of the movement of this property to another location. As noted in the audit finding, it has been confirmed that this equipment is now located in Geneva, Switzerland and in use for the federal project as intended. The Accountable officer was reminded of his responsibility to notify the Property Office when relocating accountable property and has since notified, in writing, the Property Office of the new location for this property. The Property Office has corrected the Master Property File to reflect an 'XC' offsite location for this equipment.

As a reminder, Property Control will communicate to all University accountable officers their responsibility to notify Property Control of the new location when relocating or moving accountable property as well as all their other responsibilities under OMB Circular A-21 and A-110.

**FIU Contact and
Telephone Number**

Jorge Fernandez, Assistant Controller, Property Control
(305) 348-2167

**Estimated Corrective
Action Date**

Item 1 and 3: June 30, 2006
Item 2: Completed

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-124
CFDA Number	47.049, 47.074 and 81.999
Program Title	Research and Development Cluster (R&D) Mathematical and Physical Sciences (47.049) Biological Sciences (47.074) U.S. Department of Energy Other Federal Awards (81.999)
Compliance Requirement	Equipment and Real Property Management
State Educational Entity	Florida State University (FSU)
Federal Grant/Contract Number and Grant Year	CFDA No. 47.049 DMR-0084173, January 1, 2001 - December 31, 2007 DMR-0412169, July 15, 2004 - June 30, 2006 (extension through September 22, 2006) CFDA No. 47.074 DEB-0309177, May 1, 2003 - April 30, 2004 (extension through April 30, 2005) CFDA No. 81.999 DE-FG52-03NA00066, November 15, 2002 - November 14, 2006
Finding Type	Material Noncompliance Questioned Costs - \$77,592
Finding	The institution did not always adhere to requirements for tagging and recording in its property records, equipment purchased with Federal funds.
Criteria	OMB Circular A-110, Subpart C, Section .34(f)
Condition	During our review of 10 Federally funded grants, we noted for 4 of 11 equipment purchases tested, the institution had not tagged the equipment as property of the institution, nor recorded the equipment in the institution's property records. The 4 purchases totaled \$77,592 (\$30,234 purchased July 28, 2004, grant No. DMR-0084173; \$1,815 purchased February 15, 2005, grant No. DMR-0412169; \$10,020 purchased July 15, 2004, grant No. DEB-0309177; and \$35,523 purchased December 20, 2004, grant No. DE-FG52-03NA00066).
Cause	Oversight by several property managers resulted in the errors noted.
Effect	Inadequate control over property acquired with Federal funds, including the failure to tag property items to identify ownership or to record such items in the property records, increases the risk that a loss or theft of property may occur and not be timely detected by institution personnel.
Recommendation	The institution should enhance its procedures to ensure that all Federal property is adequately accounted for and identified as to ownership. The institution should also seek clarification from the Federal grantors regarding resolution of the questioned costs.
FSU Response and Corrective Action Plan	We agree that the identified equipment purchases were not capitalized or tagged as required by University Policy. The University Policies and Procedures for capitalizing and tagging property are published on the University Website (OP-D-2-F) and if followed, result in asset purchases being identified, capitalized and tagged. The Property Accounting Services Section of the Controllers Office will enhance the existing Asset Management training classes to emphasize the requirements for capitalizing and tagging property. In addition, the Controllers Office will address these requirements via a Controllers Office Memorandum and/or other University Publication.

FSU Contact and Telephone Number	Tom Harrison (850) 644-5480
Estimated Corrective Action Date	June 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-125
CFDA Number	12.300, 47.049 and 47.074
Program Title	Research and Development Cluster (R&D) Basic and Applied Scientific Research (12.300) Mathematical and Physical Sciences (47.049) Biological Sciences (47.074)
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	Florida State University (FSU)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.300 N00014-94-1-0369, January 1, 2000 - December 31, 2004 (extension through September 30, 2005) CFDA No. 47.049 CHE-9909502, January 1, 2000 - December 31, 2004 (extension through December 31, 2005) DMR-0084173, January 1, 2001 - December 31, 2007 CFDA No. 47.074 DEB-0309177, May 1, 2003 - April 30, 2004 (extension through April 30, 2005)
Finding Type	Material Noncompliance Questioned Costs - \$30,000 (grant No. DEB-0309177)
Finding	The institution did not always correctly calculate, adequately document and accurately report costs used to satisfy matching (e.g. cost-share) requirements.
Criteria	OMB Circular A-110, Subpart C, Section .23 and Grant Award Notifications
Condition	During our review of the institution's compliance with cost-share requirements, the institution did not always correctly calculate, adequately document and accurately report its cost-share for 4 of 10 grants tested, as follows: <ul style="list-style-type: none"> • For grant No. N00014-94-1-0369, the initial cost-share calculation performed on March 28, 2005, incorrectly used the cost-share amount required for the first 5-year period for the entire 10-year period of the project. The grant award totaled \$2,162,255 with a cost-share requirement of \$567,173 for the first 5-year period, and \$457,768 for the second 5-year period. Subsequent to audit inquiry, a recalculation performed on September 21, 2005, for the second 5-year period showed that \$76,648 is still owed to satisfy the cost-share requirements. • For grant No. CHE-9909502, the initial cost-share calculation, dated July 27, 2005, incorrectly included temporary personnel and other costs. The grant award was \$5,808,433 with a cost-share requirement of \$1,895,000. Subsequent to audit inquiry, a recalculation was performed on September 2, 2005, documenting that a sufficient cost-share of \$1,895,000 was provided. However, the institution incorrectly reported to the National Science Foundation (NSF) on September 23, 2005, a cost-share amount of only \$1,782,936. • For grant No. DMR-0084173, the initial cost-share calculation for fiscal year 2004-2005 incorrectly included unallowed personnel and facilities and administrative (F&A) costs. The unallowed personnel costs were for employees whose salaries were already included as cost-share for another grant. The grant award was \$119,521,189 with an annual cost-share requirement of \$6,783,400. The institution reported cost-share to NSF of \$6,783,400 on August 26, 2005, however; the Spring 2005 personnel activity

reports to support the allowable personnel costs were not available as of December 31, 2005.

- For grant No. DEB-0309177, the final cost-share calculation incorrectly included unallowed personnel and other costs. The unallowed costs consisted of personnel costs for an employee who didn't work on the grant and other costs that were not adequately documented. The Federal portion of the grant award was \$30,000 with a cost-share requirement of \$60,000. The institution could only document \$3,680 as cost-share, \$56,320 less than the required amount.

Cause

Although the institution has written procedures on the cost-share requirement, has held training classes for academic and research personnel, and has assigned personnel dedicated solely for determining grant compliance with this Federal requirement, further training and supervision on this Federal requirement is needed.

Effect

When cost-share requirements are not met, the institution may be subject to the termination of the grant and the disallowance of grant costs.

Recommendation

The institution should enhance its procedures to ensure that all Federal cost-share is correctly calculated, adequately documented, and accurately reported. In addition, the institution should review its cost-share recalculations for grant Nos. N00014-94-1-0369, DMR-0084173, and DEB-0309177, to determine cost-share compliance; submit a revised cost-share report to NSF for grant No. CHE-9909502 reporting the correct amount of cost-share actually provided; and for grant No. DEB-0309177, consult with NSF to determine whether the \$30,000 should be returned if the institution is unable to provide the remaining \$56,320 of unmet cost-share.

**FSU Response and
Corrective Action Plan**

1. Grant No. N00014-94-1-0369. Project 004090. A subsequent review of the cost sharing resulted in a correction to the cost-sharing budget and the identification of additional match resources. Final calculations support more than enough reportable match expenditures to meet the entire ten-year cost-sharing commitment. None of the match has been reported to the agency as yet. The final report is due February 28, 2006.

2. Grant No. CHE-9909502. Project 007232. The calculation was revised to reflect the university has met its cost sharing commitment, and will be documented in the final report.

3. Grant No. DMR-0084173. Project 008068. A subsequent review revealed that when FSU reported its annual cost sharing amount in August 2005 the amount represented cost sharing for the calendar year ended 12/31/04 and not fiscal year ended 6/30/05 as told to the auditor. The cost sharing amount for 2004 has been documented in FSU's records and properly reported to the sponsor.

4. Grant No. DEB-0309177. Project 009861. Subsequent to the auditor's review, the department provided additional cost-sharing expenditures which were validated by the PI and resulted in FSU being able to fully meet the \$60,000 cost-sharing requirement.

In addition to the above responses, FSU has taken the following actions to improve its cost-sharing process:

- 1) Enhanced its cost-sharing operating procedures.
- 2) Created a cost-sharing training class which is offered to the entire grants community. To date, three training classes have been completed. This class continues to be offered periodically each year.

- 3) Assigned the responsibility of cost-sharing documentation, support, calculation, tabulation and reporting to six Accounting Coordinators (this function was previously performed by one individual.)
- 4) Established a supervisor review process on all cost sharing. Prior to this, supervisory review was limited to cost-sharing instances with major issues requiring management resolution.

**FSU Contact
and Telephone Number**

Peter M. Derham, Director Sponsored Research Accounting Services
(850) 644-8672, Email: pderham@admin.fsu.edu

**Estimated Corrective
Action Date**

All corrective actions have been initiated as of February 9, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-126
CFDA Number	10.001 and 12.431
Program Title	Research and Development Cluster (R&D) Agricultural Research – Basic and Applied Research (10.001) Basic Scientific Research (12.431)
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. 10.001 5836112106, March 4, 2002 - January 14, 2007 CFDA No. 12.431 DAAD190110621, June 1, 2001 - December 31, 2005
Finding Type	Material Noncompliance
Finding	The institution did not always maintain adequate documentation evidencing that charges used for matching were allowable and not also used as matching for other grants.
Criteria	OMB Circular A-110, Subpart C, Section .23
Condition	For two of the five grants tested, the institution did not account for an adequate amount of matching expenditures in the accounts specified to record the matching expenditures. For grant No. 5836112106, a matching account was initially set up to record matching expenditures. A total of \$11,449 of the original required match of \$11,471 was recorded in this account. When the institution changed accounting systems, this account was not converted into the new system because it appeared to the institution that the matching requirement had been materially met. However, since that time the grant has received two funding increases that also increased the required match to a total of \$107,859. As of June 30, 2005, the institution still needed to provide an additional match of \$96,410 (\$107,859 - \$11,449) and to create a new matching account in which to post the required matching expenses. The institution has been in contact with their Mid-West Area (MWA) Agreement Specialist at USDA who requested that the institution accelerate the matching in the final years of the grant to make up the shortage to date. For grant No. DAAD190110621, the matching account was budgeted for the required matching amount of \$192,452; however, as of June 30, 2005, it reported actual matching expenditures totaling only \$86,687. The institution stated that additional amounts of matching expenditures totaling \$96,301 were recorded in other departmental accounts. These expenditures would be sufficient to materially comply with the grant's matching requirement. However, since these expenditures were not recorded in the designated matching account, it is unknown whether these same costs were used for matching of other grants.
Cause	The institution does not have adequate controls in place to ensure that matching requirements of Federal grants are being met and to ensure that departments are following established procedures to provide the required match amounts in the specified grant matching accounts.
Effect	For grant No. 5836112106, the institution will have to accelerate the match amount in the final years of the grant per their inquiry to the MWA Agreement Specialist at USDA. The institution could not document that it met the required match for grant No. DAAD190110621 with expenditures that were not also being

used elsewhere as a match. The Federal government may require additional funds be provided to meet the matching requirements of this grant.

Recommendation

The institution should strengthen its procedures to ensure that the specified grant matching accounts are utilized for all matching expenditures as per the institution's established procedures. The institution should also comply with the accelerated matching requirements requested by the MWA Agreement Specialist at USDA, and seek Federal clarification on whether additional matching expenditures are needed for grant No. DAAD190110621.

**UCF Response and
Corrective Action Plan**

General Response

The university has strengthened its procedures related to the utilization of separate match accounts. This new policy is posted on the Office of Research & Commercialization's Web site under compliance: <http://www.research.ucf.edu/Compliance/>. This policy requires the use of companion match cost share accounts to document and track institutional funds used to support a sponsored project, and provides guidelines for contract and grant and financial administrative staff on the required documentation and posting of university cost share. The forthcoming rollout of the university's Web-based time and effort system will also support the university's efforts to strengthen its cost matching requirements.

To enhance understanding and compliance with these policies and procedures, the university is currently conducting monthly compliance training sessions that include detailed information on the use of separate companion match cost share account requirement for faculty, students, and departmental supervisors.

The USDA Award

The university's financial system change to PeopleSoft in 2003 inadvertently failed to properly populate the required match commitment fields under USDA Grant No. 5836112106. Once it recognized the error, the Office of Research & Commercialization contacted the U.S. Department of Agriculture Agreement Specialist who approved a revised cost share schedule for the grant's remaining period of performance.

The current period of performance for Federal grant No. DAAD190110621 ends July 31, 2006. There is also an option for a one year extension through July 31, 2007. For the project's cumulative period of performance the university has documented, through the use of a companion cost share account and the appropriate departmental account (which has not been used for match on any other grant), approximately 92% of the proposed cost share commitment and expects to provide the remaining 8% by the project's end date.

**UCF Contact and
Telephone Number**

Tom O'Neal, Associate Vice President for Research
(407) 882-1120

**Estimated Corrective
Action Date**

February 3, 2006

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

Finding Number	FA 05-127
CFDA Number	10.001, 20.999, and 66.460
Program Title	Research and Development Cluster (R&D) Agricultural Research – Basic and Applied Research (10.001) U.S. Department of Transportation – Other Federal Awards (20.999) Nonpoint Source Implementation Grants (66.460)
Compliance Requirement	Matching, Level of Effort, and Earmarking
State Educational Entity	University of Florida (UF)
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 58-6435-3-0075, July 17, 2003 – July 16, 2008 CFDA No. 20.999 DTFH61-01-X-00018, October 1, 2001 – October 31, 2006 CFDA No. 66.460 G0024, September 12, 2002 – June 30, 2006
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution did not document that cost-share (match) requirements were met during the 2004-05 fiscal year, for 3 of 8 Federal programs tested that required mandatory cost-share.
Criteria	OMB Circular A-110, Subpart C, Section .23(a)
Condition	The institution had not developed procedures for preparing reliable cost-share reports since implementation of a new accounting system on July 1, 2004. Documentation provided at the time of our audit was not adequate to ensure that mandatory cost-share requirements were met for these projects: <ul style="list-style-type: none"> • For grant No. 58-6435-3-0075, project funding totaled \$300,000, with a mandatory cost-share requirement of \$189,270, of which \$24,600 is to be provided by USDA. • For grant No. DTFH61-01-X-00018, project funding totaled \$770,543, with a mandatory cost-share requirement of \$280,000. • For grant No. G0024, project funding totaled \$1,233,285, with a mandatory cost-share requirement of \$331,013. <p>As of January 31, 2006, the institution was in the process of developing cost-share reports that would provide information needed to demonstrate the requirements were being met.</p>
Cause	Cost-share information was not readily accessible under the institution's new accounting system. The institution had not developed the new cost-share reports because it was necessary to wait until the Faculty and Non-Academic Effort Reporting System was developed to provide the cost-share information.
Effect	The institution may not have met cost-share requirements of the grantors. Also, the institution could not demonstrate that the cost-share funds used for the projects tested were not included as cash or in-kind contributions on other Federally-funded projects or paid by the Federal Government under another project. When cost-share requirements are not met, the institution may be subject to the termination of the grant and the disallowance of grant costs.
Recommendation	The institution should continue its efforts to develop procedures for reliable cost-share reports to ensure that all Federal cost-share is correctly calculated, adequately documented, and accurately reported.

**UF Response and
Corrective Action Plan**

The University agrees that reliable cost-sharing reports were not available. These reports are being developed. It should however be noted that it has always been University policy that all mandatory cost-sharing must be met and the documentation must be in place before an award can be closed. The Contracts and Grants (C&G) Grants Administrators are responsible for assuring that this is done before the final report/invoice is completed. Without cost-sharing reports, it would have been possible for an award to be behind in meeting the cost-sharing requirement, but the situation would be identified at the end of the award (if not before). C&G has worked with departments to identify cost sharing that has been provided but not recorded in the system or has removed charges from the award or returned funds to the sponsor as appropriate, thus ensuring that all cost sharing requirements were met prior to final closeout.

**UF Contact and
Telephone Number**

Michael McKee
(352) 392-1321

**Estimated Corrective
Action Date**

June 30, 2006

NATIONAL SCIENCE FOUNDATION

Finding Number	FA 05-128
CFDA Number	47.070
Program Title	Research and Development Cluster (R&D) CISE Research Resources: R4: Rescue Robots for Research and Response
Compliance Requirement	Procurement and Suspension and Debarment - Procurement
State Educational Entity	University of South Florida (USF)
Federal Grant/Contract Number and Grant Year	EAIA-0224401, October 1, 2002 – September 30, 2005
Finding Type	Material Noncompliance Questioned Costs - \$160,636
Finding	The institution did not follow its own procurement procedures for the purchase of robots for grant No. EAIA-0224401.
Criteria	OMB Circular A-110, Subpart C, Section .44(e); USF Rule 6C4-4.02040; Florida Administrative Code; and USF Policies and Procedures No. 0-303
Condition	Grant No. EAIA-0224401 was initially awarded to the institution on September 24, 2002, to be used by the institution to purchase robots. The institution awarded a contract totaling \$160,636 to a private vendor for five waterproof Micro VGTV crawler units (robots). Contrary to OMB Circular A-110, the contract was not awarded pursuant to a competitive solicitation process because the robots reportedly were only available from a single source; however, contrary to USF Rule 6C4-4.02040, Florida Administrative Code, a sole source document was not publicly posted by the Purchasing Services Department at the Tampa campus for 72 hours. Subsequent to audit inquiry, an exemption form, pursuant to USF Policies and Procedures No. 0-303, was provided; however, it was not dated and justification for the sole source determination was not included on the form. Federal cost principles require institutions to, at a minimum, follow their purchasing procedures.
Cause	A lack of monitoring whether purchases are done according to institution policies and procedures appears to be a contributing factor for the lack of support for this sole source purchase.
Effect	Absent the use of a competitive solicitation process, or documentation clearly demonstrating that the robots could only be purchased from a single source and compliance with the institution's policies and procedures, there is little assurance that the contract was awarded equitably and economically, and without improprieties.
Recommendation	The institution should fully document all purchase decisions not subject to a competitive solicitation process, and ensure that purchases using Federal awards are in compliance with the institution's procurement policies and procedures as required by Federal administrative requirements. The institution should also seek clarification from the Federal grantor regarding resolution of the questioned costs.
USF Response and Corrective Action Plan	The USF Division of Sponsored Research has revised its purchase exemption waiver process form to include a separate justification section and date in order to document all purchase decisions not subject to a competitive solicitation process. Purchasing will review purchase exemption waivers to ensure compliance with the appropriate procurement policies and procedures.

**USF Contact and
Telephone Number**

Priscilla Pope, Associate Vice President for Research, (813) 974-5555
Jeff Mack, Assistant Vice President-Campus Business Services, (813) 974-2539

**Estimated Corrective
Action Date**

April 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-129
CFDA Number	12.431 and 47.070
Program Title	Research and Development Cluster (R&D) Port Surveillance and Security System (PS3) (12.431) CISE Research Resources: R4: Rescue Robots for Research and Response (47.070)
Compliance Requirement	Procurement and Suspension and Debarment – Suspension and Debarment
State Educational Entity	University of South Florida (USF)
Pass-Through Agency	STS International, Inc. (CFDA No. 12.431 only)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.431 - DAAB07-03-C-P210, July 14, 2003 – September 30, 2005 CFDA No. 47.070 - EAIA-0224401, October 1, 2002 – September 30, 2005
Finding Type	Material Noncompliance and Reportable Condition
Finding	The institution did not determine whether the vendors used for covered Federal transactions were debarred or suspended from receiving Federal funds prior to entering into agreements.
Criteria	OMB Circular A-110, Subpart C, Section .44(d), and Appendix A.8; and the November 26, 2003, Federal Register
Condition	The institution did not obtain a written certification from its vendors, or check the <i>Excluded Parties List System (EPLS)</i> maintained by the General Services Administration for vendors debarred or suspended from receiving Federal funds, for covered Federal transactions equal to or exceeding \$25,000. Although our review of six Federal purchases with 5 vendors, disclosed that the vendors were not on the EPLS at the time of testing, the potential for not detecting excluded vendors exists because the institution's procedures did not comply with the regulations.
Cause	The institution's purchasing office did not establish a purchase order clause or condition, obtain a written certification, or check the EPLS to comply with the Federal suspension and debarment requirement for covered Federal transactions equal to or exceeding \$25,000 when contracting with vendors.
Effect	Covered Federal transactions may be entered into with vendors that have been suspended or debarred, resulting in charges subject to disallowance.
Recommendation	The institution should implement procedures to ensure that vendors used for covered Federal transactions are not debarred or suspended from receiving Federal funds.
USF Response and Corrective Action Plan	USF will implement procedures to ensure that vendors used for covered transactions are not debarred or suspended from receiving Federal funds.
USF Contact and Telephone Number	Jeff Mack, Assistant Vice President—Campus Business Services, (813) 974-2539 Nick Trivunovich, Controller, (813) 974-7696
Estimated Corrective Action Date	May 31, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-130
CFDA Number	43.001 and 98.009
Program Title	Research and Development Cluster (R&D) Aerospace Education Services Program (43.001) John Ogonowski Farmer-to-Farmer Program (98.009)
Compliance Requirement	Reporting
State Educational Entity	Florida Agricultural & Mechanical University (FAMU)
Federal Grant/Contract Number and Grant Year	CFDA No. 43.001 (NASA) NAG3-2786, April 30, 2002 - November 26, 2005 CFDA No. 98.009 (USAID) EGA-A-00-03-00002, September 30, 2003 – September 29, 2008
Finding Type	Material Noncompliance
Finding	Although the institution submitted quarterly Federal Cash Transactions Reports (SF-272) as required, procedures did not always ensure the completeness and accuracy of information reported to Federal agencies.
Criteria	OMB Circular A-110, Subpart C, Sections .51 and .52
Condition	Our review of the June 30, 2005, SF-272 reports for 3 grants disclosed that 2 of the 3 reports contained incorrect disbursement information. The NASA report under-claimed net disbursements by \$62,043 as a result of not including all recorded disbursements; and the USAID report over-claimed net disbursements by \$32,024, when compared to the recorded disbursements.
Cause	The institution's procedures were not always adequate to monitor the accuracy of financial information reported to Federal agencies.
Effect	The SF-272 report is used by the institution and Federal agencies to monitor cash advanced to recipients and to obtain disbursement information. Failure to provide accurate and verifiable information to the Federal agencies limits the ability of the institution and Federal agencies to properly administer the program, and to provide accurate data to other parties.
Recommendation	The institution should enhance its procedures to ensure the accuracy of SF-272 reports.
FAMU Response and Corrective Action Plan	The institution concurs with this finding. During the current audit period, Contracts and Grants utilized both PeopleSoft and FLAIR to report expenditures to funding agencies. Therefore, recorded amounts in PeopleSoft for payroll were different from amounts reported based on payroll data obtained from a legacy system. The payroll data in PeopleSoft was not current and/or was not accurate. The two projects noted have been reconciled and the appropriate adjustments made to address the above finding. In addition, items such as worker's compensation, unemployment compensation, payroll costs, indirect costs, and revenues are being reconciled and adjusted as financial reports are submitted to funding agencies.
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	6/30/06

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-131
CFDA Number	10.001, 10.200, 10.999, 20.999, 47.049, 81.999, and 93.110
Program Title	Research and Development Cluster (R&D) Agricultural Research - Basic and Applied Research (10.001) Grants for Agricultural Research, Special Research Grants (20.200) U.S. Department of Agriculture – Other Federal Awards (10.999) U.S. Department of Transportation – Other Federal Awards (20.999) Mathematical and Physical Sciences (47.049) U.S. Department of Energy – Other Federal Awards (81.999) Maternal and Child Health Federal Consolidated Programs (93.110)
Compliance Requirement	Reporting
State Educational Entity	University of Florida (UF)
Federal Grant/Contract Number and Grant Year	CFDA No. 10.001 58-6435-3-0075, July 17, 2003 – July 16, 2008 CFDA No. 10.200 2003-34135-13903, September 15, 2003 – September 14, 2006 CFDA No. 10.999 58-6631-2-213, June 7, 2002 – September 30, 2004 CFDA No. 20.999 DTFH61-01-X-00018, October 1, 2001 – October 31, 2006 CFDA No. 47.049 DMR-0314317, July 1, 2003 – June 30, 2006 CFDA No. 81.999 DEFC3603ID14437, April 23, 2003 – April 22, 2006 CFDA No. 93.110 H17MC02503, April 1, 2004 – February 28, 2009
Finding Type	Material Noncompliance
Finding	Amounts reported on the institution's Financial Status Reports (FSR - form SF-269/269A) and Federal Cash Transactions Reports (FCTR - form SF-272) filed during the 2004-05 fiscal year did not always agree to amounts reported in the accounting records or the Schedule of Expenditures of Federal Awards (SEFA), did not agree with each other, and were routinely filed late.
Criteria	OMB Circular A-110, Subpart C, Sections .51 and .52
Condition	Our tests of 2004-05 fiscal year records and reporting for seven of nine grants disclosed the following: <ol style="list-style-type: none"> 1. Cash draws shown on SF-272 reports for two grants were not reconcilable to transactions in the institution's accounting records. Differences noted were \$13,865 for grant No. DTFH61-01-X-00018 and \$17,012 for grant No. DEFC3603ID14437. 2. Expenditures reported on the SF-269 and SF-272 reports for six grants did not agree with amounts reported in the accounting records or the 2004-05 fiscal year SEFA. Differences noted were \$134,693 for grant No. 58-6435-3-0075, \$55,137 for grant No. 2003-34135-13903, \$6,102 for grant No. DTFH61-01-X-00018, \$8,785 for grant No. DMR-0314317, \$12,104 for grant No. DEFC3603ID14437, and \$968 for grant No. H17MC02503.

3. For two grants included in No. 2 above, quarterly project expenditures reported on SF-269 and SF-272 reports did not agree with each other. Differences noted were \$15,902 for grant No. DEFC3603ID14437 and \$18,753 for grant No. H17MC02503.
4. Quarterly SF-269A and SF-272 reports for the seven grants tested were, in most instances, filed late, ranging from a few days to 14 months.

Cause	The institution implemented a new accounting system July 1, 2004, and adequate processes and procedures were not implemented to ensure accurate, consistent, and timely recording and reporting of cash draws and expenditures for Federal grants.
Effect	The failure to provide accurate, complete, and verifiable data on a timely basis to the Federal grantors limits the usefulness of the reports and may limit the ability of the Federal grantor and institution to administer the programs and provide information to other parties.
Recommendation	The institution should implement processes and procedures to ensure accurate and timely filing of Federal reports.
UF Response and Corrective Action Plan	<p>Conditions 1-3:</p> <p>The University believes that timing differences between the monthly closing of the general ledger and running of transaction query reports used to prepare quarterly SF-269A and SF-272 reports accounts for most of the differences noted. The University was not able to provide timely documentation supporting amounts reported on quarterly SF-269A and SF-272 reports during the audit fieldwork. This documentation will be provided during the audit follow-up process.</p> <p>Condition 4:</p> <p>The University agrees that some of the reports cited were not filed timely. We will review the documentation indicating the dates the reports were filed and compare with required filing deadlines.</p>
UF Contact and Telephone Number	Michael McKee (352) 392-1321
Estimated Corrective Action Date	June 30, 2006

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	FA 05-132
CFDA Number	12.431 and 81.087
Program Title	Research and Development Cluster (R&D) Basic Scientific Research Renewable Energy Research and Development
Compliance Requirement	Subrecipient Monitoring
State Educational Entity	University of Central Florida (UCF)
Federal Grant/Contract Number and Grant Year	CFDA No. 12.431 DAAD190110621, June 1, 2001 – December 31, 2005 CFDA No. 81.087 DEFC2699GO10478, September 1, 1999 – March 31, 2006
Finding Type	Material Noncompliance
Finding	The institution failed to adequately monitor grant subrecipients to ensure compliance with OMB Circular A-133 audit requirements. The institution should not disburse funds to subrecipients without determining that the audit requirements of OMB Circular A-133 have been met.
Criteria	OMB Circular A-133, Section .400(d)
Condition	We requested documentation to support the monitoring of subrecipients for A-133 audits. The institution uses Subrecipient Audit Certifications forms for support of subrecipient monitoring requirements; however, we noted the following: <ul style="list-style-type: none"> • For grant No. DAAD190110621, our review of the institution's monitoring of two subrecipients disclosed that the Subrecipient Audit Certification had not been obtained for one of the subrecipients. For the other subrecipient, the only certification on file was completed at the time the subrecipient contract was executed, on August 31, 2004. Subsequent to audit inquiry, another certification was requested by the institution and received on November 17, 2005. Expenditures during the 2004-05 fiscal year totaled \$195,653 for these two subrecipients. • For grant No. DEFC2699GO10478, the institution had not obtained Subrecipient Audit Certifications for two subrecipients for the 2004-05 fiscal year. Expenditures during the 2004-05 fiscal year totaled \$247,952 for these two subrecipients. Subsequent to audit inquiry, the institution obtained certifications from the two subrecipients in August 2005. However, the certification obtained for one subrecipient did not specify to which fiscal year it applied, and the certification obtained for the other subrecipient was not applicable to the 2004-05 fiscal year.
Cause	The institution lacks adequate procedures to properly monitor grant subrecipients' compliance with the audit requirements of OMB Circular A-133.
Effect	The institution may be disbursing Federal funds to subrecipients that did not meet the audit requirements of OMB Circular A-133 and, as such, are not eligible to receive Federal funds. Also, absent evidence of compliance with audit requirements, the institution has limited assurance that Federal funds awarded to subrecipients are being expended and reported in accordance with Federal program requirements.
Recommendation	The institution should strengthen its procedures for monitoring the subrecipients of Federal grants, to ensure subrecipients' compliance with the audit requirements of OMB Circular A-133.

**UCF Response and
Corrective Action Plan**

The university's standard subaward form contains an article specifically requiring subrecipients to (a) comply with OMB Circular A-133, and (b) provide the university with a copy of its most current annual audit report and the management responses to those findings. It is the university's policy that its employees may not remove or agree to the removal of that requirement from any subaward involving an entity subject to A-133. The university believes that this requirement plus its monitoring of subawardees to ensure that they meet their contractual obligations under the subaward is consistent with its obligations under OMB Circular A-133.

Additionally, the university has strengthened its procedures for monitoring sub-recipients of Federal grants. The Office of Research & Commercialization has instituted new departmental procedures to monitor and annually verify that subrecipients are in compliance with OMB Circular A-133 or equivalent audit procedures. These procedures are posted on the Office of Research & Commercialization's Web site in the compliance section: <http://www.research.ucf.edu/Compliance/>.

**UCF Contact and
Telephone Number**

Tom O'Neal, Associate Vice President for Research
(407) 882-1120

**Estimated Corrective
Action Date**

February 3, 2006

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Finding Number	FA 05-133
CFDA Number	43.999
Program Title	Research and Development Cluster (R&D) NASA Other Federal Awards
Compliance Requirement	Subrecipient Monitoring
State Educational Entity	University of West Florida (UWF)
Federal Grant/Contract Number and Grant Year	NCC2-1399 April 1, 2003 – March 31, 2005 NCC2-1413 July 1, 2003 – September 30, 2004
Finding Type	Material Noncompliance Questioned Costs – \$143,283 (\$125,215, grant No. NCC2-1399 and \$18,068, grant No. NCC2-1413)
Finding	The institution granted a subaward, totaling \$118,965, from grant No. NCC2-1399 to Carnegie Mellon University (CMU) where the grant's principal investigator (PI) and another institution employee were also employed. However, there were no completed and approved outside activity forms on file in the institution's Human Resources Office or grant file documenting that there was no conflict of interest. Also, the institution did not always properly review and approve payments to the subrecipient (CMU) and another subrecipient (grant No. NCC2-1413).
Criteria	<p>OMB Circular A-110, Subpart C, Section .42, Codes of Conduct - No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or any organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.</p> <p>OMB Circular A-21, Section C.4.d.(1) and (4) – The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable. If the institution authorizes the principal investigator or other individual to have primary responsibility for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator) will normally be considered sufficient.</p> <p>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. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement; (b) the restraints or requirements imposed by such factors as arm's length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and, (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.</p>

Section 112.313(7), Florida Statutes, Conflicting Employment or Contractual Relationship – No public officer or employee of an agency shall have or hold any employment or contractual relationship with any business entity or any agency which is subject to the regulation of, or is doing business with, an agency of which he or she is an officer or employee. Nor shall an officer or employee of an agency have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his or her private interest and the performance of his or her public duties or that would impede the full and faithful discharge of his or her public duties.

UWF Human Resource Policy HR 15.00-2004/07 – No employee shall have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or incur any obligation of any nature that is in conflict with the full and competent performance of the employee's duties or is in conflict with the best interests of the institution. All employees are required to report and receive approval for any outside activity in which they participate and that may be a conflict of interest.

UWF Human Resource Policy HR 08.01 – 08/01, Employee Ethical obligations and Conflicts of Interest – All employees are required to report and receive approval for any outside activity. This information is required to be reported on the UWF Report of Outside Activity. Original completed and approved reports are to be filed in the Human Resources Office.

UWF, Office of Research Procedures Manual Part II, B.4.b. – Action sheets, travel authorization requests, reimbursements, requisitions, professional services contracts, and all other grant spending requires the signature of the principal investigator and should be initiated by the principal investigator.

Condition

Grant No. NCC2-1399

- The institution's PI, and a second employee for this grant, were also a professor and assistant professor at CMU in Pittsburgh, Pennsylvania. Institution personnel records disclosed that the home address for both of these employees was in Pittsburgh, Pennsylvania. The institution executed a subaward (totaling \$118,965) with CMU for the period April 1, 2003, through March 31, 2005, on September 14, 2003, 5.5 months after the beginning of the award period. The subaward agreement listed the institution's PI as the project director for the subrecipient's (CMU) subaward. Outside activity forms were not on file at the institution for these two employees, contrary to institution policy. Therefore, there is no evidence that the institution determined if there was a conflict of interest under Federal cost principles, State law, and institution policy. Questioned costs total \$125,215 for the subaward and for related facilities and administrative costs of \$6,250.
- Contrary to Federal cost principles and institution policy, the PI did not, of record, review and approve all eight payments totaling \$54,473 made during the 2004-05 fiscal year to the subrecipient.

Grant No. NCC2-1413

- Contrary to Federal cost principles and institution policy, the PI did not, of record, review and approve the two payments totaling \$18,068 made during the 2004-05 fiscal year to another subrecipient.

Cause

Controls over the review and approval of grant expenditures were not adequate to ensure that Federal cost principles, State laws, or institution policies were followed.

Effect

The PI's and another institution employee's apparent, if not real, conflict of interest increased the risk that grant funds could be used to pay for goods or services that would not be allowable under the grant. Noncompliance with Federal cost

	principles, State laws, or institution policies may result in disallowed costs by the grantor.
Recommendation	The institution should enhance its procedures to ensure that all subawards are granted and monitored in accordance with Federal requirements, State law, and institution policies. The institution should also seek Federal clarification on resolution of the questioned costs.
UWF Response and Corrective Action Plan	UWF will enhance its procedures to ensure that all subawards are granted and monitored in accordance with Federal requirements, State law, and institution policies. UWF has worked and will continue to work with the granting agencies to resolve any questioned costs as a result of this finding.
UWF Contact and Telephone Number	Dr. Richard S. Podemski, Associate Vice President (850) 474-7712
Estimated Corrective Action Date	June 1, 2006

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
FLOT.....Florida Lottery
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, 2005

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
Office of National Drug Control Policy				
Direct Programs – Not Clustered:				
Other Federal Awards	FDLE	07.999	\$ 135,564	\$ 56,613
Subtotal – Direct Programs – Not Clustered			\$ 135,564	\$ 56,613
Indirect Programs – Not Clustered:				
Other Federal Awards	FDLE	07.999	131,531	
Subtotal – Indirect Programs – Not Clustered			\$ 131,531	\$
Subtotal – Office of National Drug Control Policy			\$ 267,095	\$ 56,613
U. S. Department of Agriculture				
Direct Programs – Clustered:				
Child Nutrition Cluster:				
School Breakfast Program	FDOE/FSDB/SU	10.553	107,024,616	106,866,361
National School Lunch Program	FDACS/FDJJ/FDOC/ FDOE/FSDB/SU	10.555	390,156,469	384,636,164
Special Milk Program for Children	FDOE	10.556	109,975	109,975
Summer Food Service Program for Children	FDOE/SCC	10.559	15,978,197	15,282,954
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program (Administrative Costs)	FDACS	10.568	3,030,620	
Emergency Food Assistance Program (Food Commodities)*	FDACS	10.569	12,713,226	12,713,226
Food Stamp Cluster:				
Food Stamps*	FDCFS	10.551	1,608,468,283	
State Administrative Matching Grants for Food Stamp Program	FAWI/FDCFS/FDLE/ FDOE	10.561	79,055,192	18,045,406
Research and Development Programs Cluster:				
Agricultural Research_Basic and Applied Research	SU	10.001	2,282,895	60,548
Plant and Animal Disease, Pest Control, and Animal Care	SU	10.025	463,733	
Wildlife Services	SU	10.028	46,496	
Conservation Reserve Program	SU	10.069	2,419	
Grants for Agricultural Research, Special Research Grants	SU	10.200	9,897,822	1,259,328
Cooperative Forestry Research	SU	10.202	836,442	
Payments to Agricultural Experiment Stations Under the Hatch Act	SU	10.203	2,637,261	
Grants for Agricultural Research_Competitive Research Grants	SU	10.206	1,418,495	39,875
Animal Health and Disease Research	SU	10.207	4,602	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	SU	10.210	60	
1890 Institution Capacity Building Grants	SU	10.216	498,290	
Higher Education Challenge Grants	SU	10.217	101,617	11,996
Biotechnology Risk Assessment Research	SU	10.219	1,519	
Initiative for Future Agriculture and Food Systems	SU	10.302	1,581,143	473,870
Integrated Programs	SU	10.303	1,768,255	489,215
Homeland Security_Agricultural	SU	10.304	729,770	428,563
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	SU	10.443	22,896	
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	SU	10.456	67,526	
Cooperative Extension Service	SU	10.500	2,168,460	
Forestry Research	SU	10.652	341,261	
Soil Survey	SU	10.903	6,515	
Technical Agricultural Assistance	SU	10.960	765	
Scientific Cooperation and Research	SU	10.961	48,045	5,007
Other Federal Awards	SU	10.999	1,868,148	400,203
Schools and Roads Cluster:				
Schools and Roads_Grants to States	FDFS	10.665	2,516,327	
Subtotal – Direct Programs – Clustered			\$ 2,245,847,340	\$ 540,822,691
Direct Programs – Not Clustered:				
Agricultural Research_Basic and Applied Research	Citrus/SCC/SU	10.001	288,977	
Plant and Animal Disease, Pest Control, and Animal Care	FDACS	10.025	25,106,186	
Wildlife Services	FDACS/FFWCC	10.028	115,647	
Federal-State Marketing Improvement Program	Citrus/FDACS	10.156	3,541,972	
Market Protection and Promotion	FDACS	10.163	1,630,335	
Wholesale Market Development	FDACS	10.164	79,943	
Grants for Agricultural Research, Special Research Grants	FDACS/SU	10.200	240,547	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	SU	10.210	4,526	
Higher Education Challenge Grants	SU	10.217	148,989	111,871

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Agriculture (Continued)				
Direct Programs – Not Clustered (Continued):				
Higher Education Multicultural Scholars Program	SU	10.220	\$ 30,418	\$ 17,733
Hispanic Serving Institutions Education Grants	SCC	10.223	59,312	
Community Food Projects	SU	10.225	1,723,337	
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	SCC	10.226	13,750	
Integrated Programs	SU	10.303	192,410	
Homeland Security_Agricultural	FDACS	10.304	391,656	
Emergency Loans	FDCA	10.404	905,768	805,768
State Mediation Grants	SU	10.435	49,071	
Crop Insurance	FDACS	10.450	137,028	
Meat, Poultry, and Egg Products Inspection	FDACS	10.477	1,201	
Cooperative Extension Service	SU	10.500	4,602,355	243
Food Donation*	FDACS/FSDB	10.550	53,155,787	53,131,800
Special Supplemental Nutrition Program for Women, Infants, and Children	FDLE/FDOH	10.557	225,604,792	315,302
Child and Adult Care Food Program	FDOEA/FDOH/SCC	10.558	106,281,159	104,836,122
State Administrative Expenses for Child Nutrition	FDACS/FDOE/ FDOEA/FDOH	10.560	7,330,072	568,634
Nutrition Services Incentive	FDOEA	10.570	87,964	
WIC Farmers Market Nutrition Program (FMNP)	FDACS	10.572	254,232	
Market Access Program	Citrus	10.601	4,420,512	
Technical Assistance for Specialty Crops Program	Citrus	10.604	449,000	
Forestry Research	FDACS/SU	10.652	439,891	15,643
Cooperative Forestry Assistance	FDACS/SU	10.664	2,817,771	175,185
Rural Development, Forestry, and Communities	FDACS	10.672	97,630	90,452
Urban and Community Forestry Program	FDACS	10.675	1,035,338	370,096
Forest Legacy Program	FDACS	10.676	501,638	493,000
Forest Stewardship Program	FDACS	10.678	994,237	248,618
Soil and Water Conservation	FFWCC/SCC	10.902	485,740	
Wildlife Habitat Incentive Program	FFWCC	10.914	57,846	
Other Federal Awards	SCC/SU	10.999	325,223	54,368
Subtotal – Direct Programs – Not Clustered			<u>\$ 443,602,260</u>	<u>\$ 161,234,835</u>
Indirect Programs – Clustered:				
Food Stamp Cluster:				
Food Stamps	SCC	10.551	59,540	
State Administrative Matching Grants for Food Stamp Program	SCC	10.561	238,170	
Research and Development Programs Cluster:				
Agricultural Research_Basic and Applied Research	SU	10.001	89,692	
Grants for Agricultural Research, Special Research Grants	SU	10.200	840,250	196,558
Grants for Agricultural Research_Competitive Research Grants	SU	10.206	63,678	
Higher Education Challenge Grants	SU	10.217	9,888	
Agricultural and Rural Economic Research	SU	10.250	8,484	
Initiative for Future Agriculture and Food Systems	SU	10.302	190,020	
Integrated Programs	SU	10.303	81,026	
Cooperative Extension Service	SU	10.500	9,651	
Scientific Cooperation and Research	SU	10.961	6,269	
Other Federal Awards	SU	10.999	841,759	
Subtotal – Indirect Programs – Clustered			<u>\$ 2,438,427</u>	<u>\$ 196,558</u>
Indirect Programs – Not Clustered:				
Grants for Agricultural Research, Special Research Grants	SU	10.200	1,562	
1890 Institution Capacity Building Grants	SU	10.216	4,375	
Higher Education Challenge Grants	SU	10.217	28,145	
Integrated Programs	SU	10.303	105,201	
Homeland Security_Agricultural	SU	10.304	55,688	
Cooperative Extension Service	SU	10.500	85,966	50,754
Rural Business Opportunity Grants	SU	10.773	27,308	
Other Federal Awards	SCC/SU	10.999	54,589	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 362,834</u>	<u>\$ 50,754</u>
Subtotal – U. S. Department of Agriculture			<u>\$ 2,692,250,861</u>	<u>\$ 702,304,838</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
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	\$ 92,076	\$
Research and Development Programs Cluster:				
Economic Development_Technical Assistance	SU	11.303	877	
Sea Grant Support	SU	11.417	1,604,054	1,113,083
Coastal Zone Management Administration Awards	SU	11.419	75,752	
Coastal Zone Management Estuarine Research Reserves	SU	11.420	59,049	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	SU	11.427	181,813	71,613
Marine Sanctuary Program	SU	11.429	292	
Undersea Research	SU	11.430	10,773	
Climate and Atmospheric Research	SU	11.431	1,432,888	14,014
Marine Fisheries Initiative	SU	11.433	250,600	
Marine Mammal Data Program	SU	11.439	23,842	10,546
Regional Fishery Management Councils	SU	11.441	51,880	
Short Term Climate Fluctuations	SU	11.443	4,506	
Unallied Management Projects	SU	11.454	693,980	
Habitat Conservation	SU	11.463	116,165	2,860
Applied Meteorological Research	SU	11.468	548,717	
Unallied Science Program	SU	11.472	403,824	108,760
Coastal Services Center	SU	11.473	615,344	
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	SU	11.478	689,704	113,495
Educational Partnership Program	SU	11.481	2,916,128	1,194,808
Technology Opportunities Program	SU	11.552	186,665	
Measurement and Engineering Research and Standards	SU	11.609	82,253	
Other Federal Awards	SU	11.999	460,641	
Subtotal – Direct Programs – Clustered			\$ 10,501,823	\$ 2,629,179
Direct Programs – Not Clustered:				
Economic Development_Technical Assistance	SU	11.303	103,834	
Interjurisdictional Fisheries Act of 1986	FFWCC	11.407	158,379	
Sea Grant Support	FDACS/SU	11.417	1,267,674	38,000
Coastal Zone Management Administration Awards	FDCA/FDEP/FFWCC	11.419	3,660,535	961,299
Coastal Zone Management Estuarine Research Reserves	FDEP/SU	11.420	2,947,522	
Financial Assistance for National Centers for Coastal Ocean Science	FDEP	11.426	729	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	FFWCC	11.427	93,170	16,737
Marine Sanctuary Program	FDEP	11.429	1,399,462	
Climate and Atmospheric Research	SU	11.431	40,890	
Marine Fisheries Initiative	FDACS/FFWCC	11.433	223,513	16,999
Cooperative Fishery Statistics	FFWCC	11.434	88,832	
Southeast Area Monitoring and Assessment Program	FFWCC	11.435	123,552	
Marine Mammal Data Program	FFWCC	11.439	121,014	
Unallied Industry Projects	FDACS/FFWCC	11.452	1,463,364	
Unallied Management Projects	FDACS/FFWCC	11.454	195,201	
Habitat Conservation	SU	11.463	4,055	
Coastal Services Center	SU	11.473	22,239	
Atlantic Coastal Fisheries Cooperative Management Act	FFWCC	11.474	249,687	
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	FFWCC	11.478	939,383	10,000
Educational Partnership Program	FDEP/SU	11.481	186,495	
Public Telecommunications Facilities Planning and Construction	SU	11.550	115,826	
Technology Opportunities Program	SCC	11.552	12,136	
Measurement and Engineering Research and Standards	SU	11.609	416	
Other Federal Awards	SU	11.999	22,325	
Subtotal – Direct Programs – Not Clustered			\$ 13,440,233	\$ 1,043,035
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Sea Grant Support	SU	11.417	124,191	
Coastal Zone Management Administration Awards	SU	11.419	102,406	
Undersea Research	SU	11.430	84,398	
Climate and Atmospheric Research	SU	11.431	300,779	
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	SU	11.432	149,255	
Marine Fisheries Initiative	SU	11.433	160,343	9,451
Environmental Sciences, Applications, Data, and Education	SU	11.440	103,010	
Unallied Management Projects	SU	11.454	30,450	
Special Oceanic and Atmospheric Projects	SU	11.460	14,286	
Habitat Conservation	SU	11.463	208,577	9,385

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Commerce (Continued)				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Meteorologic and Hydrologic Modernization Development	SU	11.467	\$ 59,631	\$ 32,710
Unallied Science Program	SU	11.472	483,505	32,710
Coastal Services Center	SU	11.473	371,441	
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	SU	11.478	18,710	
Educational Partnership Program	SU	11.481	31,461	
Measurement and Engineering Research and Standards	SU	11.609	74,471	
Other Federal Awards	SU	11.999	236,749	
Subtotal – Indirect Programs – Clustered			<u>\$ 2,553,663</u>	<u>\$ 51,546</u>
Indirect Programs – Not Clustered:				
Trade Development	SU	11.110	10,000	
Sea Grant Support	SU	11.417	4,599	
Marine Sanctuary Program	FFWCC	11.429	48,234	
Cooperative Fishery Statistics	FFWCC	11.434	817,520	
Habitat Conservation	FFWCC	11.463	202,398	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 1,082,751</u>	<u>\$</u>
Subtotal – U. S. Department of Commerce			<u>\$ 27,578,470</u>	<u>\$ 3,723,760</u>
U. S. Department of Defense				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aquatic Plant Control	SU	12.100	102,309	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	SU	12.113	94,986	
Collaborative Research and Development	SU	12.114	11,545,233	438,799
Basic and Applied Scientific Research	SU	12.300	33,072,189	7,189,664
Military Medical Research and Development	SU	12.420	6,222,491	769,344
Basic Scientific Research	SU	12.431	7,298,956	1,516,657
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	1,751,467	478,380
Air Force Defense Research Sciences Program	SU	12.800	6,053,461	545,005
Language Grant Program	SU	12.900	169,894	
Mathematical Sciences Grants Program	SU	12.901	229,109	127,995
Information Security Grant Program	SU	12.902	89,829	
Research and Technology Development	SU	12.910	10,859,607	2,603,888
Other Federal Awards	SU	12.999	10,118,124	1,053,005
Subtotal – Direct Programs – Clustered			<u>\$ 87,607,655</u>	<u>\$ 14,722,737</u>
Direct Programs – Not Clustered:				
Procurement Technical Assistance For Business Firms	SU	12.002	947,403	54,960
Law Enforcement Support Organization	FDMS	12.005	3,984,423	3,886,785
State Memorandum of Agreement Program for the Reimbursement of Technical Services	FDEP	12.113	686,839	
Basic and Applied Scientific Research	SU	12.300	15,796	
Military Construction, National Guard	FDMA	12.400	18,846,653	
National Guard Military Operations and Maintenance (O&M) Projects	FDMA	12.401	24,275,270	
National Guard Civilian Youth Opportunities	FDMA	12.404	2,001,185	
Military Medical Research and Development	SU	12.420	106,954	
Basic Scientific Research	SCC/SU	12.431	10,820	
National Security Education_Scholarships	SU	12.551	58,624	
Air Force Defense Research Sciences Program	SU	12.800	18,865	
Mathematical Sciences Grants Program	SU	12.901	12,317	
Other Federal Awards	FDOC/FDOE/SCC/SU	12.999	1,291,479	
Subtotal – Direct Programs – Not Clustered			<u>\$ 52,256,628</u>	<u>\$ 3,941,745</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Defense (Continued)				
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Aquatic Plant Control	SU	12.100	\$ 277,673	\$
Collaborative Research and Development	SU	12.114	338,020	
Basic and Applied Scientific Research	SU	12.300	3,133,122	84,735
Military Medical Research and Development	SU	12.420	258,531	
Basic Scientific Research	SU	12.431	2,453,068	
International Education_U.S. Colleges and Universities	SU	12.550	169,678	
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	464,051	20,385
Air Force Defense Research Sciences Program	SU	12.800	606,026	145,661
Mathematical Sciences Grants Program	SU	12.901	25,876	
Research and Technology Development	SU	12.910	1,702,285	
Other Federal Awards	SU	12.999	<u>6,815,467</u>	<u>98,230</u>
Subtotal – Indirect Programs – Clustered			<u>\$ 16,243,797</u>	<u>\$ 349,011</u>
Indirect Programs – Not Clustered:				
Basic and Applied Scientific Research	SU	12.300	143,306	
Other Federal Awards	SU	12.999	<u>5,103</u>	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 148,409</u>	<u>\$</u>
Subtotal – U. S. Department of Defense			<u>\$ 156,256,489</u>	<u>\$ 19,013,493</u>
U. S. Department of Housing and Urban Development				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Doctoral Dissertation Research Grants	SU	14.516	10,679	
Early Doctoral Student Research Grants	SU	14.517	<u>3,027</u>	
Subtotal – Direct Programs – Clustered			<u>\$ 13,706</u>	<u>\$</u>
Direct Programs – Not Clustered:				
Community Development Block Grants/States Program	FDCA	14.228	34,114,134	32,990,012
Emergency Shelter Grants Program	FDCFS	14.231	2,458,057	2,109,479
Supportive Housing Program	SU	14.235	73,959	
Opportunities for Youth_Youthbuild Program	SCC	14.243	107,196	8,607
Community Development Block Grants/Brownfields Economic Development Initiative	SCC	14.246	446,187	
Fair Housing Assistance Program_State and Local	FDMS	14.401	760,073	
Community Outreach Partnership Center Program	SCC/SU	14.511	176,113	750
Community Development Work-Study Program	SU	14.512	102,180	
Hispanic-Serving Institutions Assisting Communities	SCC	14.514	34,269	
HUD Urban Scholars Fellowship Grants	SU	14.518	22,189	
Public and Indian Housing	JAC	14.850	7,000	
Other Federal Awards	SU	14.999	<u>187,603</u>	<u>79,929</u>
Subtotal – Direct Programs – Not Clustered			<u>\$ 38,488,960</u>	<u>\$ 35,188,777</u>
Indirect Programs – Clustered:				
CDBG – Entitlement and Small Cities Cluster:				
Community Development Block Grants/Entitlement Grants	FDOH/SCC/SU	14.218	211,766	
Community Development Block Grants/Small Cities Program	SU	14.219	<u>508</u>	
Subtotal – Indirect Programs – Clustered			<u>\$ 212,274</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Demolition and Revitalization of Severely Distressed Public Housing	SU	14.866	<u>918</u>	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 918</u>	<u>\$</u>
Subtotal – U. S. Department of Housing and Urban Development			<u>\$ 38,715,858</u>	<u>\$ 35,188,777</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of the Interior				
Direct Programs – Clustered:				
Fish and Wildlife Cluster:				
Sport Fish Restoration	FFWCC	15.605	\$ 9,660,284	\$
Wildlife Restoration	FDEP/FFWCC	15.611	3,849,183	
Research and Development Programs Cluster:				
Fish and Wildlife Management Assistance	SU	15.608	92,549	
Endangered Species Conservation	SU	15.612	45,922	
Coastal Wetlands Planning, Protection and Restoration Act	SU	15.614	48,171	
Cooperative Endangered Species Conservation Fund	SU	15.615	166,383	
Coastal Program	SU	15.630	87	
Conservation Grants Private Stewardship for Imperiled Species	SU	15.632	89,978	
Assistance to State Water Resources Research Institutes	SU	15.805	132,341	5,646
U.S. Geological Survey_ Research and Data Collection	SU	15.808	3,921,807	290,175
National Cooperative Geologic Mapping Program	SU	15.810	27,060	
Gap Analysis Program	SU	15.811	587,693	
Cooperative Research Units Program	SU	15.812	207,696	
Economic, Social, and Political Development of the Territories and the Freely Associated States	SU	15.875	64,165	
Historic Preservation Fund Grants-In-Aid	SU	15.904	40,831	
National Center for Preservation Technology and Training	SU	15.923	151,481	
Other Federal Awards	SU	15.999	3,814,206	227,954
Subtotal – Direct Programs – Clustered			<u>\$ 22,899,837</u>	<u>\$ 523,775</u>
Direct Programs – Not Clustered:				
Wildland Urban Interface Community and Rural Fire Assistance	FDACS	15.228	307,952	
Fish and Wildlife Management Assistance	FFWCC	15.608	4,845	
Coastal Wetlands Planning, Protection and Restoration Act	FDEP	15.614	383,311	78,187
Cooperative Endangered Species Conservation Fund	FDACS/FFWCC	15.615	501,187	51,670
Clean Vessel Act	FDEP	15.616	918,107	393,138
Wildlife Conservation and Restoration	FFWCC	15.625	496,413	
Hunter Education and Safety Program	FFWCC	15.626	796,209	
Coastal Program	FDACS	15.630	2,499	
Partners for Fish and Wildlife	FFWCC	15.631	5,840	
Conservation Grants Private Stewardship for Imperiled Species	FDEP/FFWCC/SU	15.632	229,017	
Landowner Incentive	FFWCC	15.633	177,508	
State Wildlife Grants	FFWCC	15.634	897,144	
U.S. Geological Survey_ Research and Data Collection	FDEP/FFWCC/SU	15.808	114,449	
National Spatial Data Infrastructure Cooperative Agreements Program	FFWCC	15.809	16,502	
National Cooperative Geologic Mapping Program	FDEP	15.810	81,710	
Historic Preservation Fund Grants-In-Aid	FDOS	15.904	185,815	185,815
Outdoor Recreation_Acquisition, Development and Planning	FDEP/FFWCC	15.916	2,850,784	2,710,654
Native American Graves Protection and Repatriation Act	SU	15.922	40,739	
Other Federal Awards	SU	15.999	304,689	5,000
Subtotal – Direct Programs – Not Clustered			<u>\$ 8,314,720</u>	<u>\$ 3,424,464</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Cooperative Endangered Species Conservation Fund	SU	15.615	80,016	
Other Federal Awards	SU	15.999	734,349	
Subtotal – Indirect Programs – Clustered			<u>\$ 814,365</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Fish and Wildlife Management Assistance	SCC	15.608	276,783	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 276,783</u>	<u>\$</u>
Subtotal – U. S. Department of the Interior			<u>\$ 32,305,705</u>	<u>\$ 3,948,239</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Justice				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Combined DNA Index System	SU	16.307	\$ 232,669	\$
Legal Assistance for Victims	SU	16.524	121,699	
National Institute of Justice Research, Evaluation, and Development Project	SU	16.560	2,019,339	
Crime Laboratory Improvement_Combined Offender DNA Index System Backlog Reduction	SU	16.564	133,318	
Public Safety Partnership and Community Policing Grants	SU	16.710	4,970	
Gang Resistance Education and Training	SU	16.737	10,047	
Other Federal Awards	SU	16.999	135,688	
Subtotal – Direct Programs – Clustered			\$ 2,657,730	\$
Direct Programs – Not Clustered:				
Offender Reentry Program	FDJJ/FDOC	16.202	409,681	
Juvenile Accountability Incentive Block Grants	FDJJ	16.523	5,039,285	
Legal Assistance for Victims	SU	16.524	20,386	
Technical Assistance and Training Initiative	SU	16.526	39,800	
Juvenile Justice and Delinquency Prevention_Allocation to States	FDJJ	16.540	2,532,282	
Developing, Testing and Demonstrating Promising New Programs	FEOG/JAC/SU	16.541	525,737	301,680
Part D – Research, Evaluation, Technical Assistance and Training	Courts/SU	16.542	300,688	55,000
Gang-Free Schools and Communities_Community-Based Gang Intervention	FDJJ/SU	16.544	1,029,283	
Title V_Delinquency Prevention Program	FDJJ/SU	16.548	2,129,496	
Part E_State Challenge Activities	FDJJ	16.549	431,267	
State Justice Statistics Program for Statistical Analysis Centers	FDLE	16.550	43,275	
National Criminal History Improvement Program (NCHIP)	Courts/FDLE/FDOC	16.554	528,564	
National Institute of Justice Research, Evaluation, and Development Project	FDLE	16.560	557,028	145,828
Crime Laboratory Improvement_Combined Offender DNA Index System Backlog Reduction	FDLE	16.564	3,095,953	1,684,716
Crime Victim Assistance	FDHSMV/FDLA/ FDOH/JAC	16.575	16,731,886	14,679,427
Crime Victim Compensation	FDLA	16.576	9,265,269	
Byrne Formula Grant Program	FDLE/FDOC	16.579	25,211,030	15,679,185
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	JAC/SCC/SU	16.580	1,431,595	
Drug Court Discretionary Grant Program	SU	16.585	111,249	
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	FDJJ/FDLE/FDOC	16.586	55,229,730	
Violence Against Women Formula Grants	Courts/FDCFS/JAC/SU	16.588	6,812,623	2,025,604
Rural Domestic Violence and Child Victimization Enforcement Grant Program	FDCFS	16.589	568,600	553,600
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	FDCFS	16.590	31,325	
Local Law Enforcement Block Grants Program	FDLE	16.592	884,575	640,324
Residential Substance Abuse Treatment for State Prisoners	FDJJ/FDLE/FDOC	16.593	3,427,834	1,070,680
State Criminal Alien Assistance Program	FDOC	16.606	11,778,031	
Bulletproof Vest Partnership Program	FDEP/FDHSMV/ FDLE/FDOC	16.607	49,382	
Community Prosecution and Project Safe Neighborhoods	FDLA/FDLE/FDOC/ JAC/SCC	16.609	1,870,150	504,933
Public Safety Partnership and Community Policing Grants	SCC/SU	16.710	776,437	
Police Corps	SU	16.712	959,495	
Enforcing Underage Drinking Laws Program	FDBPR/FDLE/FEOG	16.727	238,945	60,492
Other Federal Awards	FDLE	16.999	376,784	167,056
Subtotal – Direct Programs – Not Clustered			\$ 152,437,665	\$ 37,568,525
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Community Relations Service	SU	16.200	56,576	
Juvenile Accountability Incentive Block Grants	SU	16.523	36,849	
Part D – Research, Evaluation, Technical Assistance and Training	SU	16.542	30,308	
National Institute of Justice Research, Evaluation, and Development Project	SU	16.560	145,485	
Executive Office for Weed and Seed	SU	16.595	2,000	
Other Federal Awards	SU	16.999	110,547	
Subtotal – Indirect Programs – Clustered			\$ 381,765	\$

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Justice (Continued)				
Indirect Programs – Not Clustered:				
Title V_Delinquency Prevention Program	SU	16.548	\$ 13,767	\$
Byrne Formula Grant Program	SU	16.579	53,620	
Local Law Enforcement Block Grants Program	FDLE	16.592	45,288	
Executive Office for Weed and Seed	SCC	16.595	32,701	
Other Federal Awards	FDLE	16.999	6,434	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 151,810</u>	<u>\$</u>
Subtotal – U. S. Department of Justice			<u>\$ 155,628,970</u>	<u>\$ 37,568,525</u>
U. S. Department of Labor				
Direct Programs – Clustered:				
Employment Service Cluster:				
Employment Service	FAWI/FDOE/FDOEA	17.207	40,577,691	10,725,657
Disabled Veterans Outreach Program (DVOP)	FAWI	17.801	4,702,746	1,126,796
Local Veterans Employment Representative Program	FAWI	17.804	3,855,812	710,572
National Farmworker Jobs Program Cluster:				
Migrant and Seasonal Farmworkers	FDOE	17.264	4,544,269	3,164,673
WIA Cluster:				
WIA Adult Program	FAWI/FDOE	17.258	44,567,162	42,150,624
WIA Youth Activities	FAWI	17.259	42,793,079	40,359,626
WIA Dislocated Workers	FAWI	17.260	87,329,988	82,551,299
Subtotal – Direct Programs – Clustered			<u>\$ 228,370,747</u>	<u>\$ 180,789,247</u>
Direct Programs – Not Clustered:				
Labor Force Statistics	FAWI	17.002	3,213,743	
Compensation and Working Conditions	FDFS	17.005	130,395	
Certification of Foreign Workers for Temporary Agricultural Employment	FAWI	17.202	210,636	
Labor Certification for Alien Workers	FAWI	17.203	764,428	
Unemployment Insurance	FAWI/FDOR	17.225	1,028,307,152	2,726,956
Senior Community Service Employment Program	FDOEA	17.235	5,178,400	4,656,131
Trade Adjustment Assistance_Workers	FAWI/FDOE	17.245	4,687,766	822,192
Welfare-to-Work Grants to States and Localities	SCC	17.253	44,882	
One-Stop Career Center Initiative	SU	17.257	526,171	
Employment and Training Administration Pilots, Demonstrations, and Research Projects	FAWI/FDJJ/SCC/SU	17.261	2,788,736	1,269,684
Work Incentives Grant	FAWI	17.266	754,429	720,666
WIA Incentive Grants_Section 503 Grants to States	FAWI/FDOE	17.267	869,530	435,882
Occupational Safety and Health_Susan Harwood Training Grants	SU	17.502	19,786	10,000
Consultation Agreements	SU	17.504	416,267	
Mine Health and Safety Grants	FDEP	17.600	126,515	
Subtotal – Direct Programs – Not Clustered			<u>\$ 1,048,038,836</u>	<u>\$ 10,641,511</u>
Indirect Programs – Clustered:				
Employment Service Cluster:				
Employment Service	SCC	17.207	173,867	
Disabled Veterans Outreach Program (DVOP)	SCC	17.801	1,231	
Local Veterans Employment Representative Program	SCC	17.804	2,371	
Research and Development Programs Cluster:				
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SU	17.261	2,162	
Other Federal Awards	SU	17.999	1,070	
WIA Cluster:				
WIA Adult Program	SCC	17.258	1,491,959	
WIA Youth Activities	SCC	17.259	981,486	
WIA Dislocated Workers	SCC/SU	17.260	1,647,231	
Subtotal – Indirect Programs – Clustered			<u>\$ 4,301,377</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Unemployment Insurance	SCC	17.225	194,523	
Trade Adjustment Assistance_Workers	SCC	17.245	2,684	
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SCC	17.261	45,904	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 243,111</u>	<u>\$</u>
Subtotal – U. S. Department of Labor			<u>\$ 1,280,954,071</u>	<u>\$ 191,430,758</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of State				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Educational Exchange_Graduate Students	SU	19.400	\$ 62,347	\$ 23,464
Other Federal Awards	SU	19.999	7,512	
Subtotal – Direct Programs – Clustered			<u>\$ 69,859</u>	<u>\$ 23,464</u>
Direct Programs – Not Clustered:				
Professional Exchanges_Annual Open Grant	SU	19.415	66,752	
Educational Partnerships Program	SU	19.424	92,430	6,000
Other Federal Awards	SU	19.999	394,995	19,430
Subtotal – Direct Programs – Not Clustered			<u>\$ 554,177</u>	<u>\$ 25,430</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Professional Development-Teacher Training	SU	19.419	10,541	
Educational Partnerships Program	SU	19.424	2,733	
Other Federal Awards	SU	19.999	37,555	
Subtotal – Indirect Programs – Clustered			<u>\$ 50,829</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Educational Exchange_Fulbright American Studies Institutes	SCC	19.418	80,276	
International Education Training and Research	SCC	19.430	2,000	
Other Federal Awards	FDLE	19.999	138,540	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 220,816</u>	<u>\$</u>
Subtotal – U. S. Department of State			<u>\$ 895,681</u>	<u>\$ 48,894</u>
U. S. Department of Transportation				
Direct Programs – Clustered:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	FDEP/FDOS/FDOT	20.205	1,900,277,713	143,077,110
Highway Safety Cluster:				
State and Community Highway Safety	FDHSMV/FDOH	20.600	6,359,727	1,979,663
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	FDOT/JAC	20.601	4,769,679	3,123,464
Occupant Protection	FDOH/FDOT	20.602	1,404,928	56,972
Federal Highway Safety Data Improvements Incentive Grants	FDHSMV/FDOT	20.603	136,534	18,352
Safety Incentive Grants for Use of Seatbelts	FDOT	20.604	1,053,375	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	FDOT	20.605	307,562	
Research and Development Programs Cluster:				
Aviation Research Grants	SU	20.108	398,132	
Highway Training and Education	SU	20.215	20,000	
Federal Transit Grants for University Research and Training	SU	20.502	190,685	
Transit Planning and Research	SU	20.514	1,221,281	
University Transportation Centers Program	SU	20.701	210,276	
Other Federal Awards	SU	20.999	1,275,594	179,323
Subtotal – Direct Programs – Clustered			<u>\$ 1,917,625,486</u>	<u>\$ 148,434,884</u>
Direct Programs – Not Clustered:				
Airport Improvement Program	FDOT	20.106	139,186	139,186
Highway Training and Education	SU	20.215	1,320	
Motor Carrier Safety	FDHSMV/FDOT	20.217	3,485,560	
High Speed Ground Transportation_Next Generation High Speed Rail Program	FDOT	20.312	1,307,725	1,307,725
Federal Transit_Metropolitan Planning Grants	FDOT	20.505	4,635,875	4,203,744
Formula Grants for Other Than Urbanized Areas	FDOT	20.509	6,462,115	6,091,535
Capital Assistance Program for Elderly Persons and Persons with Disabilities	FDOT	20.513	6,112,452	6,112,452
Pipeline Safety	FDACS	20.700	37,496	
Interagency Hazardous Materials Public Sector Training and Planning Grants	FDCA	20.703	410,222	355,777
Hispanic Serving Institutions-Entrepreneurial Training and Technical	SCC	20.906	22,519	
Other Federal Awards	SU	20.999	6,203	
Subtotal – Direct Programs – Not Clustered			<u>\$ 22,620,673</u>	<u>\$ 18,210,419</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Transportation (Continued)				
Indirect Programs – Clustered:				
Federal Transit Cluster:				
Federal Transit_Formula Grants	SU	20.507	\$ 494,282	\$ 73,312
Highway Planning and Construction Cluster:				
Highway Planning and Construction	SU	20.205	328,607	68,386
Research and Development Programs Cluster:				
Air Transportation Centers of Excellence	SU	20.109	11,158	
Highway Training and Education	SU	20.215	66,613	
National Motor Carrier Safety	SU	20.218	3,613	
Federal Transit Grants for University Research and Training	SU	20.502	827	
Federal Transit_Metropolitan Planning Grants	SU	20.505	17,678	
Federal Transit Technical Assistance	SU	20.512	122,254	
Transit Planning and Research	SU	20.514	85,838	
State Planning and Research	SU	20.515	70,051	53,220
University Transportation Centers Program	SU	20.701	25,597	
Transportation_Consumer Affairs	SU	20.900	600	
Other Federal Awards	SU	20.999	6,074	
Subtotal – Indirect Programs – Clustered			<u>\$ 1,233,192</u>	<u>\$ 194,918</u>
Subtotal – U. S. Department of Transportation			<u>\$ 1,941,479,351</u>	<u>\$ 166,840,221</u>
U. S. Department of the Treasury				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Other Federal Awards	SU	21.999	708,215	
Subtotal – Direct Programs – Clustered			<u>\$ 708,215</u>	<u>\$</u>
Direct Programs – Not Clustered:				
Jobs and Growth Tax Relief	FEOG/Various	21.000	233,484,155	
Other Federal Awards	FDMA	21.999	186,771	
Subtotal – Direct Programs – Not Clustered			<u>\$ 233,670,926</u>	<u>\$</u>
Subtotal – U. S. Department of the Treasury			<u>\$ 234,379,141</u>	<u>\$</u>
U. S. Office of Personnel Management				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Federal Civil Service Employment	SU	27.001	434,216	
Intergovernmental Personnel Act (IPA) Mobility Program	SU	27.011	231,813	
Subtotal – Direct Programs – Clustered			<u>\$ 666,029</u>	<u>\$</u>
Direct Programs – Not Clustered:				
Federal Civil Service Employment	SU	27.001	22,833	
Intergovernmental Personnel Act (IPA) Mobility Program	SU	27.011	3,321	
Subtotal – Direct Programs – Not Clustered			<u>\$ 26,154</u>	<u>\$</u>
Subtotal – U. S. Office of Personnel Management			<u>\$ 692,183</u>	<u>\$</u>
U. S. Equal Employment Opportunity Commission				
Direct Programs – Not Clustered:				
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	FDMS	30.002	506,715	
Subtotal – Direct Programs – Not Clustered			<u>\$ 506,715</u>	<u>\$</u>
Subtotal – U. S. Equal Employment Opportunity Commission			<u>\$ 506,715</u>	<u>\$</u>
U. S. General Services Administration				
Direct Programs – Not Clustered:				
Donation of Federal Surplus Personal Property*	FDMS/SCC	39.003	6,470,764	5,371,157
Election Reform Payments	FDHSMV/FDLE/FDOS	39.011	3,865,982	2,899,982
Subtotal – Direct Programs – Not Clustered			<u>\$ 10,336,746</u>	<u>\$ 8,271,139</u>
Subtotal – U. S. General Services Administration			<u>\$ 10,336,746</u>	<u>\$ 8,271,139</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
National Aeronautics and Space Administration				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aerospace Education Services Program	SU	43.001	\$ 8,185,202	\$ 108,807
Technology Transfer	SU	43.002	1,969,356	69,052
Other Federal Awards	SU	43.999	<u>12,333,807</u>	<u>2,147,029</u>
Subtotal – Direct Programs – Clustered			<u>\$ 22,488,365</u>	<u>\$ 2,324,888</u>
Direct Programs – Not Clustered:				
Aerospace Education Services Program	SU	43.001	200,168	
Technology Transfer	Citrus	43.002	317,428	
Other Federal Awards	FDEP/SU	43.999	<u>283,374</u>	
Subtotal – Direct Programs – Not Clustered			<u>\$ 800,970</u>	<u>\$</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Aerospace Education Services Program	SU	43.001	610,836	
Technology Transfer	SU	43.002	640,654	
Other Federal Awards	SU	43.999	<u>1,041,410</u>	
Subtotal – Indirect Programs – Clustered			<u>\$ 2,292,900</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Aerospace Education Services Program	SU	43.001	94,814	
Technology Transfer	SU	43.002	461,090	454,590
Other Federal Awards	SU	43.999	<u>84,030</u>	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 639,934</u>	<u>\$ 454,590</u>
Subtotal – National Aeronautics and Space Administration			<u>\$ 26,222,169</u>	<u>\$ 2,779,478</u>
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	3,630	
Promotion of the Arts-Challenge America Grants	SU	45.027	15,377	
Promotion of the Humanities_Division of Preservation and Access	SU	45.149	21,003	
Promotion of the Humanities_Fellowships and Stipends	SU	45.160	2,691	
Promotion of the Humanities_Research	SU	45.161	6,024	
Promotion of the Humanities_Public Programs	SU	45.164	1,429	
Promotion of the Humanities -Extending the Research Grants to Presidentially-Designated Minority Institutions	SU	45.167	1,108	
National Leadership Grants	SU	45.312	144,973	
Other Federal Awards	SU	45.999	<u>66,637</u>	<u>22,629</u>
Subtotal – Direct Programs – Clustered			<u>\$ 262,872</u>	<u>\$ 22,629</u>
Direct Programs – Not Clustered:				
Promotion of the Arts_Grants to Organizations and Individuals	FDOS/SCC	45.024	92,250	
Promotion of the Arts_Partnership Agreements	FDOS	45.025	667,574	255,158
Promotion of the Arts-Leadership Initiatives	FDOS	45.026	10,984	
Promotion of the Humanities_Division of Preservation and Access	SU	45.149	25,850	
Promotion of the Humanities_Fellowships and Stipends	SU	45.160	53,547	
Promotion of the Humanities -Extending the Research Grants to Presidentially-Designated Minority Institutions	SCC	45.167	13,432	
Museum for America Grants	FDOS/SU	45.301	332,622	69,489
Museum Assessment Program	FDEP/SU	45.302	66,734	
State Library Program	FDOS	45.310	7,625,686	3,351,395
National Leadership Grants	SU	45.312	226,587	148,435
Librarians for the 21st Century	SU	45.313	84,216	
Other Federal Awards	SU	45.999	<u>60,302</u>	
Subtotal – Direct Programs – Not Clustered			<u>\$ 9,259,784</u>	<u>\$ 3,824,477</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Promotion of the Humanities_Federal/State Partnership	SU	45.129	<u>7,266</u>	
Subtotal – Indirect Programs – Clustered			<u>\$ 7,266</u>	<u>\$</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
National Foundation on the Arts and the Humanities (Continued)				
Indirect Programs – Not Clustered:				
Promotion of the Humanities_Federal/State Partnership	SCC/SU	45.129	\$ 26,191	\$
Other Federal Awards	SU	45.999	21,172	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 47,363</u>	<u>\$</u>
Subtotal – National Foundation on the Arts and the Humanities			<u>\$ 9,577,285</u>	<u>\$ 3,847,106</u>
National Science Foundation				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Engineering Grants	SU	47.041	10,736,993	460,063
Mathematical and Physical Sciences	SU	47.049	43,614,991	8,339,972
Geosciences	SU	47.050	8,490,355	405,340
Computer and Information Science and Engineering	SU	47.070	10,332,887	2,994,930
Biological Sciences	SU	47.074	11,802,585	1,831,961
Social, Behavioral, and Economic Sciences	SU	47.075	2,276,998	135,454
Education and Human Resources	SU	47.076	6,508,414	251,894
Polar Programs	SU	47.078	1,139,000	12,597
International Science and Engineering	SU	47.079	1,293	
Other Federal Awards	SU	47.999	1,596,354	248,037
Subtotal – Direct Programs – Clustered			<u>\$ 96,499,870</u>	<u>\$ 14,680,248</u>
Direct Programs – Not Clustered:				
Engineering Grants	SU	47.041	18,286	
Mathematical and Physical Sciences	SCC/SU	47.049	108,242	
Geosciences	SU	47.050	129,951	
Computer and Information Science and Engineering	SU	47.070	8,626	
Biological Sciences	FDACS/SU	47.074	376,430	
Social, Behavioral, and Economic Sciences	SU	47.075	59,905	
Education and Human Resources	SCC/SU	47.076	7,551,487	559,152
Polar Programs	SU	47.078	13,888	
Other Federal Awards	SU	47.999	11,649	
Subtotal – Direct Programs – Not Clustered			<u>\$ 8,278,464</u>	<u>\$ 559,152</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Engineering Grants	SU	47.041	718,555	
Mathematical and Physical Sciences	SU	47.049	847,253	
Geosciences	SU	47.050	372,288	
Computer and Information Science and Engineering	SU	47.070	311,644	
Biological Sciences	SU	47.074	1,956,979	
Social, Behavioral, and Economic Sciences	SU	47.075	13,689	
Education and Human Resources	SU	47.076	455,671	
Polar Programs	SU	47.078	19,867	
International Science and Engineering	SU	47.079	8,466	
Other Federal Awards	SU	47.999	1,592,788	2,535
Subtotal – Indirect Programs – Clustered			<u>\$ 6,297,200</u>	<u>\$ 2,535</u>
Indirect Programs – Not Clustered:				
Geosciences	SU	47.050	3,575	
Social, Behavioral, and Economic Sciences	SU	47.075	27,718	
Education and Human Resources	SCC/SU	47.076	28,959	
Other Federal Awards	SU	47.999	3,500	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 63,752</u>	<u>\$</u>
Subtotal – National Science Foundation			<u>\$ 111,139,286</u>	<u>\$ 15,241,935</u>
Securities and Exchange Commission				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Securities_Investigation of Complaints and SEC Information	SU	58.001	183,374	
Subtotal – Direct Programs – Clustered			<u>\$ 183,374</u>	<u>\$</u>
Subtotal – Securities and Exchange Commission			<u>\$ 183,374</u>	<u>\$</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Small Business Administration				
Direct Programs – Not Clustered:				
Business Development Assistance to Small Business	SU	59.005	\$ 436,356	\$
Small Business Development Center	SU	59.037	4,382,496	
Veterans Entrepreneurial Training and Counseling	SU	59.044	149,674	
Office of Small Disadvantaged Business Certification and Eligibility	SU	59.049	6,120	
Subtotal – Direct Programs – Not Clustered			\$ 4,974,646	\$
Subtotal – U. S. Small Business Administration			\$ 4,974,646	\$
U. S. Department of Veterans' Affairs				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Veterans Prescription Service	SU	64.012	58	
Veterans State Hospital Care	SU	64.016	16,666	
Veterans Housing_Guaranteed and Insured Loans	SU	64.114	43,950	
Other Federal Awards	SU	64.999	2,121,099	
Subtotal – Direct Programs – Clustered			\$ 2,181,773	\$
Direct Programs – Not Clustered:				
Grants to States for Construction of State Home Facilities	FDVA	64.005	108,342	
Veterans State Domiciliary Care	FDVA	64.014	1,341,736	
Veterans State Nursing Home Care	FDVA	64.015	11,111,174	
Veterans Information and Assistance	FDVA	64.115	399,782	
Survivors and Dependents Educational Assistance	SU	64.117	4,475	
Other Federal Awards	SCC/SU	64.999	5,603,248	
Subtotal – Direct Programs – Not Clustered			\$ 18,568,757	\$
Subtotal – U. S. Department of Veterans Affairs			\$ 20,750,530	\$
U. S. Environmental Protection Agency				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
State Underground Water Source Protection	SU	66.433	409,595	
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	SU	66.436	352,011	
Water Quality Management Planning	SU	66.454	96,379	
Nonpoint Source Implementation Grants	SU	66.460	734,488	
Water Quality Cooperative Agreements	SU	66.463	28,792	
Wastewater Operator Training Grant Program (Technical Assistance)	SU	66.467	25,556	
Environmental Protection_Consolidated Research	SU	66.500	861,174	1,016
Science To Achieve Results (STAR) Program	SU	66.509	175,308	28,104
Surveys, Studies, Investigations and Special Purpose Grants	SU	66.606	614,610	104,091
Training and Fellowships for the Environmental Protection Agency	SU	66.607	120,775	
Protection of Children and Older Adults (Elderly) from Environmental Health	SU	66.609	14,919	
Solid Waste Management Assistance	SU	66.808	3,275	
Environmental Education Grants	SU	66.951	9,989	
Other Federal Awards	SU	66.999	38,504	
Subtotal – Direct Programs – Clustered			\$ 3,485,375	\$ 133,211
Direct Programs – Not Clustered:				
Air Pollution Control Program Support	FDEP/FDOH	66.001	1,661,972	
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	FDEP/FDOH	66.034	668,621	44,446
Water Pollution Control State and Interstate Program Support	FDEP	66.419	3,031,800	222,480
State Public Water System Supervision	FDEP	66.432	3,856,891	180,580
State Underground Water Source Protection	FDEP	66.433	238,104	
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	FFWCC	66.436	245,628	
Water Quality Management Planning	FDEP/FFWCC	66.454	746,058	
Capitalization Grants for Clean Water State Revolving Funds	FDEP	66.458	68,398,849	65,662,896
Nonpoint Source Implementation Grants	FDEP	66.460	2,665,885	1,219,545
Wetland Program Grants	FDACS/FDEP	66.461	285,043	36,457
Water Quality Cooperative Agreements	FDEP	66.463	313,760	
Capitalization Grants for Drinking Water State Revolving Funds	FDEP	66.468	10,907,458	7,771,040

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Environmental Protection Agency (Continued)				
Direct Programs – Not Clustered (Continued):				
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	FDEP	66.471	\$ 52,540	\$ 20,858
Beach Monitoring and Notification Program Implementation Grants	FDOH	66.472	497,476	
Water Protection Grants to the States	FDEP	66.474	241,001	214,193
Gulf of Mexico Program	FDACS/FDEP/FFWCC	66.475	220,692	25,512
Environmental Protection Consolidated Research	FFWCC	66.500	207,327	
Science To Achieve Results (STAR) Program	SU	66.509	534,657	92,662
Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development	SU	66.510	3,884	
Science To Achieve Results (STAR) Fellowship Program	SU	66.514	15,548	
Environmental Protection Consolidated Grants-Program Support	FDOH	66.600	24,264	
Performance Partnership Grants	FDACS/SU	66.605	778,907	
Surveys, Studies, Investigations and Special Purpose Grants	FDEP/SU	66.606	149,665	14,225
Training and Fellowships for the Environmental Protection Agency	SU	66.607	67,411	
Environmental Information Exchange Network Grant Program	SU	66.608	3,309	
Pollution Prevention Grants Program	FDEP	66.708	20,599	
Capacity Building Grants and Cooperative Agreements for States and Tribes	FDEP	66.709	13,123	
Surveys, Studies, Investigations, Training Demonstrations and Educational	SU	66.716	5,942	
Hazardous Waste Management State Program Support	FDEP	66.801	2,940,178	
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	FDEP	66.802	747,638	
State and Tribal Underground Storage Tanks Program	FDEP/FDOH	66.804	616,491	
Leaking Underground Storage Tank Trust Fund Program	FDEP/FDOH	66.805	633,684	89,157
Solid Waste Management Assistance	FDEP	66.808	29,624	
Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	FDCA	66.810	3,099	
Brownfield Pilots Cooperative Agreements	FDEP	66.811	199,439	
Environmental Education Grants	SU	66.951	907	
Other Federal Awards	SU	66.999	18,623	
Subtotal – Direct Programs – Not Clustered			\$ 101,046,097	\$ 75,594,051
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Air Pollution Control Program Support	SU	66.001	28,218	
State Underground Water Source Protection	SU	66.433	21,042	
National Estuary Program	SU	66.456	95,859	
Gulf of Mexico Program	SU	66.475	101,618	
Assessment and Watershed Protection Program Grants	SU	66.480	5,752	
Environmental Protection Consolidated Research	SU	66.500	716,053	162,262
Science To Achieve Results (STAR) Program	SU	66.509	8,117	
Training and Fellowships for the Environmental Protection Agency	SU	66.607	65,853	
Hazardous Waste Management State Program Support	SU	66.801	3,846	
Other Federal Awards	SU	66.999	222,736	90,456
Subtotal – Indirect Programs – Clustered			\$ 1,269,094	\$ 252,718
Indirect Programs – Not Clustered:				
Environmental Justice Collaborative Problem-Solving Grants Program	SU	66.306	12,229	
Gulf of Mexico Program	FDEP	66.475	15,300	
Other Federal Awards	SU	66.999	18,409	
Subtotal – Indirect Programs – Not Clustered			\$ 45,938	\$
Subtotal – U. S. Environmental Protection Agency			\$ 105,846,504	\$ 75,979,980
U. S. Department of Energy				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Office of Science Financial Assistance Program	SU	81.049	7,772,922	52,559
University Coal Research	SU	81.057	117,980	
Regional Biomass Energy Programs	SU	81.079	93,308	
Conservation Research and Development	SU	81.086	442,785	
Renewable Energy Research and Development	SU	81.087	3,366,897	260,597
Fossil Energy Research and Development	SU	81.089	130,037	
Office of Environmental Cleanup and Acceleration	SU	81.104	2,327,679	948,655
Stewardship Science Grant Program	SU	81.112	24	
Defense Nuclear Nonproliferation Research	SU	81.113	1,193,140	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Energy (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
University Reactor Infrastructure and Education Support	SU	81.114	\$ 312,132	\$
Science and Engineering Training to Support Diversity- Related Programs	SU	81.116	106,627	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	SU	81.117	35,969	
Other Federal Awards	SU	81.999	<u>5,138,415</u>	<u>348,564</u>
Subtotal – Direct Programs – Clustered			<u>\$ 21,037,915</u>	<u>\$ 1,610,375</u>
Direct Programs – Not Clustered:				
State Energy Program	FDCA/FDEP/FDOC/ SU	81.041	2,428,554	614,199
Weatherization Assistance for Low-Income Persons	FDCA	81.042	2,151,468	2,007,840
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	FDEP	81.117	43,505	
State Energy Program Special Projects	FDEP	81.119	335,230	22,559
Other Federal Awards	SU	81.999	<u>97,155</u>	
Subtotal – Direct Programs – Not Clustered			<u>\$ 5,055,912</u>	<u>\$ 2,644,598</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Inventions and Innovations	SU	81.036	8,251	
Office of Science Financial Assistance Program	SU	81.049	1,862,217	
University Coal Research	SU	81.057	88,418	
Office of Scientific and Technical Information	SU	81.064	82,711	
Nuclear Waste Disposal Siting	SU	81.065	25,876	
Conservation Research and Development	SU	81.086	8,085	
Renewable Energy Research and Development	SU	81.087	1,955,465	
Fossil Energy Research and Development	SU	81.089	63,711	26,018
Office of Environmental Cleanup and Acceleration	SU	81.104	153,288	
University Reactor Infrastructure and Education Support	SU	81.114	39,003	
Science and Engineering Training to Support Diversity- Related Programs	SU	81.116	30,923	
Other Federal Awards	SU	81.999	<u>1,753,820</u>	<u>86,146</u>
Subtotal – Indirect Programs – Clustered			<u>\$ 6,071,768</u>	<u>\$ 112,164</u>
Indirect Programs – Not Clustered:				
State Energy Program	SU	81.041	5,142	
Office of Science Financial Assistance Program	SU	81.049	31,047	
Renewable Energy Research and Development	SU	81.087	<u>117,775</u>	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 153,964</u>	<u>\$</u>
Subtotal – U. S. Department of Energy			<u>\$ 32,319,559</u>	<u>\$ 4,367,137</u>
U. S. Department of Education				
Direct Programs – Clustered:				
Bilingual Education Cluster:				
Bilingual Education-Program Development and Implementation Grants	SCC	84.288	5,570	
Research and Development Programs Cluster:				
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	558,576	163,337
Undergraduate International Studies and Foreign Language Programs	SU	84.016	46,237	
Overseas_Group Projects Abroad	SU	84.021	65,433	
Fund for the Improvement of Postsecondary Education	SU	84.116	338,039	
Rehabilitation Long-Term Training	SU	84.129	21,339	
National Institute on Disability and Rehabilitation Research	SU	84.133	2,187,454	466,684
Safe and Drug-Free Schools and Communities_National Programs	SU	84.184	625	
Graduate Assistance in Areas of National Need	SU	84.200	283,238	15,000
Fund for the Improvement of Education	SU	84.215	1,447,701	
Centers for International Business Education	SU	84.220	335,055	
Education Research, Development and Dissemination	SU	84.305	2,822,099	514,766
Special Education_Research and Innovation to Improve Services and Results for Children with Disabilities	SU	84.324	3,398,551	1,162,087
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	1,259,109	335,846

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SU	84.326	\$ 326,182	\$
Gaining Early Awareness and Readiness for Undergraduate Programs	SU	84.334	1,140,018	95,576
Other Federal Awards	SU	84.999	75,715	
Special Education Cluster:				
Special Education_Grants to States	FDOC/FDOE/FDOH/ FSDB/SU	84.027	564,816,229	539,263,293
Special Education_Preschool Grants	FDOE/FDOH/FSDB	84.173	23,402,584	23,144,858
Student Financial Assistance Programs Cluster:				
Federal Supplemental Educational Opportunity Grants	SCC/SU	84.007	17,770,487	
Federal Family Education Loans	SCC/SU	84.032	718,974,623	
Federal Work-Study Program	SCC/SU	84.033	20,367,329	
Federal Perkins Loan Program_Federal Capital Contributions	SCC/SU	84.038	86,590,479	
Federal Pell Grant Program	SCC/SU	84.063	451,600,491	
Federal Direct Student Loans	SCC/SU	84.268	260,631,223	
TRIO Cluster:				
TRIO_Student Support Services	SCC/SU	84.042	5,590,441	
TRIO_Talent Search	SCC/SU	84.044	2,602,487	
TRIO_Upward Bound	SCC/SU	84.047	5,757,456	
TRIO_Educational Opportunity Centers	SCC	84.066	1,120,811	
TRIO_McNair Post-Baccalaureate Achievement	SU	84.217	989,046	
Subtotal – Direct Programs – Clustered			<u>\$ 2,174,524,627</u>	<u>\$ 565,161,447</u>
Direct Programs – Not Clustered:				
Adult Education_State Grant Program	FDOC/FDOE/SCC/SU	84.002	29,165,067	20,445,782
Title I Grants to Local Educational Agencies	FDOE/FSDB	84.010	559,727,023	553,194,675
Migrant Education_State Grant Program	FDOE	84.011	23,954,640	21,319,760
Title I Program for Neglected and Delinquent Children	FDOC/FDOE	84.013	1,236,255	328,393
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	821,200	184,751
Undergraduate International Studies and Foreign Language Programs	SCC/SU	84.016	200,634	
International Research and Studies	SU	84.017	78,464	
Overseas_Faculty Research Abroad	SU	84.019	28,405	
Overseas_Group Projects Abroad	SU	84.021	67,427	
Overseas_Doctoral Dissertation	SU	84.022	37,581	
Special Education-Personnel Development and Parent Training	SU	84.029	1,719	
Higher Education_Institutional Aid	SCC/SU	84.031	13,521,025	
Federal Family Education Loans	FDOE	84.032	1,335,666,585	
Perkins Loan Cancellations	SCC/SU	84.037	795,712	
Vocational Education_Basic Grants to States	FDOC/FDOE/FSDB/ SCC	84.048	53,708,361	29,908,866
Leveraging Educational Assistance Partnership	FDOE	84.069	2,563,089	
Fund for the Improvement of Postsecondary Education	SCC/SU	84.116	6,384,318	749,005
Minority Science and Engineering Improvement	SCC/SU	84.120	118,968	
Rehabilitation Services_Vocational Rehabilitation Grants to States	FDOE	84.126	121,106,569	
Rehabilitation Services_Service Projects	FDOE	84.128	134,423	
Rehabilitation Long-Term Training	SU	84.129	460,309	
National Institute on Disability and Rehabilitation Research	SU	84.133	213,541	69,826
Migrant Education_High School Equivalency Program	SU	84.141	367,317	
College Housing and Academic Facilities Loans	SU	84.142	5,599,000	
Migrant Education_College Assistance Migrant Program	SU	84.149	321,301	
Business and International Education Projects	SCC/SU	84.153	89,730	
Rehabilitation Services_Client Assistance Program	SU	84.161	6,124	
Independent Living_State Grants	FDOE	84.169	895,549	
Javits Fellowships	SU	84.170	4,658	
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	FDOE	84.177	2,179,584	
Special Education_Grants for Infants and Families with Disabilities	FDOE/FDOH	84.181	22,971,614	14,119,018
Safe and Drug-Free Schools and Communities_National Programs	FDOE	84.184	1,937,538	1,668,093
Byrd Honors Scholarships	FDOE/SU	84.185	2,082,845	
Safe and Drug-Free Schools and Communities_State Grants	FDLE/FDOE/FSDB	84.186	20,656,130	19,838,478
Supported Employment Services for Individuals with Severe Disabilities	FDOE	84.187	2,610,974	
Bilingual Education-Professional Development	FDOE/SCC/SU	84.195	1,848,492	128,303
Education for Homeless Children and Youth	FDOE	84.196	2,748,340	2,748,340
Graduate Assistance in Areas of National Need	SU	84.200	372,577	
Even Start_State Educational Agencies	FAWI/FDOC/FDOE	84.213	16,116,175	13,121,248
Fund for the Improvement of Education	FDOE/SCC/SU	84.215	2,996,751	90,106
Centers for International Business Education	SU	84.220	388,091	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Direct Programs – Not Clustered (Continued):				
Assistive Technology	FDOE	84.224	\$ 1,646,265	\$
Projects with Industry	SCC	84.234	228,780	
Rehabilitation Services Demonstration and Training Programs	FDOE	84.235	862,072	
Tech-Prep Education	FDOE/SCC	84.243	5,714,974	2,826,795
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service	FDOE	84.265	270,800	
Eisenhower Professional Development State Grants	FDOC	84.281	32,369	
Charter Schools	FDOE	84.282	19,250,065	18,061,620
Ready to Teach	SCC	84.286	34,938	
Twenty-First Century Community Learning Centers	FDOE	84.287	38,136,616	34,987,071
Foreign Language Assistance	FDOE	84.293	76,646	
Ready-To-Learn Television	SU	84.295	24,322	
State Grants for Innovative Programs	FDOC/FDOE/FSDB	84.298	15,142,635	13,279,354
Education Technology State Grants	FDOE/FSDB	84.318	32,620,236	30,093,836
Special Education_State Program Improvement Grants for Children with Disabilities	FDOE	84.323	1,423,631	14,146
Special Education_Research and Innovation to Improve Services and Results for Children with Disabilities	FSDB/SU	84.324	282,176	17,500
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	4,199,356	94,386
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	FDOH/SU	84.326	1,272,058	64,666
Advanced Placement Program	FDOE	84.330	169,272	169,272
Grants to States for Incarcerated Youth Offenders	FDOC	84.331	1,346,770	
Comprehensive School Reform Demonstration	FDOE	84.332	9,477,692	8,774,963
Gaining Early Awareness and Readiness for Undergraduate Programs	SCC/SU	84.334	3,419,095	378,834
Child Care Access Means Parents in School	SCC/SU	84.335	625,903	
Teacher Quality Enhancement Grants	FDOE/SU	84.336	840,477	106,500
Learning Anytime Anywhere Partnerships	SU	84.339	1,281,095	
Community Technology Centers	SCC	84.341	87,910	
Preparing Tomorrows Teachers to Use Technology	SU	84.342	894,641	95,600
Vocational Education_Occupational and Employment Information State Grants	FDOE	84.346	203,359	49,038
Transition to Teaching	FDOE/SCC/SU	84.350	846,598	299,139
Arts in Education	SU	84.351	383,946	
School Renovation Grants	FDOE	84.352	9,051,423	8,921,038
Tech-Prep Demonstration Grants	SCC	84.353	727,356	
Reading First State Grants	FDOE	84.357	53,719,587	42,670,867
Rural Education	FDOE	84.358	3,583,395	3,405,621
Voluntary Public School Choice	FDOE	84.361	3,203,885	3,153,088
English Language Acquisition Grants	FDOE	84.365	24,704,733	23,588,646
Mathematics and Science Partnerships	FDOE	84.366	2,180,367	798,242
Improving Teacher Quality State Grants	FDOE/FSDB	84.367	132,861,336	128,564,592
Grants for State Assessments and Related Activities	FDOE	84.369	20,491,375	
National Writing Project	SU	84.928	37	
Other Federal Awards	FDOE/SU	84.999	332,295	
Subtotal – Direct Programs – Not Clustered			<u>\$ 2,625,834,591</u>	<u>\$ 998,329,458</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	6,331	
Fund for the Improvement of Postsecondary Education	SU	84.116	108,510	
National Institute on Disability and Rehabilitation Research	SU	84.133	3,943	
Safe and Drug-Free Schools and Communities_State Grants	SU	84.186	4,047	
Fund for the Improvement of Education	SU	84.215	117,959	
Regional Technology in Education Consortia	SU	84.302	13,168	
Education Research, Development and Dissemination	SU	84.305	134,454	
Special Education_Research and Innovation to Improve Services and Results for Children with Disabilities	SU	84.324	41,745	
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	12,540	
Special Education_Technology and Media Services for Individuals with Disabilities	SU	84.327	22,898	
Comprehensive School Reform Demonstration	SU	84.332	111,693	
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	SU	84.333	4,506	
Other Federal Awards	SU	84.999	236,024	
Special Education Cluster:				
Special Education_Grants to States	SU	84.027	23,316	
Subtotal – Indirect Programs – Clustered			<u>\$ 841,134</u>	<u>\$</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Education (Continued)				
Indirect Programs – Not Clustered:				
Adult Education_State Grant Program	SCC/SU	84.002	\$ 110,686	\$
Title I Grants to Local Educational Agencies	SU	84.010	14,608	
Higher Education_Institutional Aid	SCC	84.031	260,069	
Vocational Education_Basic Grants to States	SCC/SU	84.048	90,142	
Vocational Education_National Programs	SCC	84.051	117,404	
Fund for the Improvement of Postsecondary Education	SCC/SU	84.116	290,822	
Migrant Education_Coordination Program	SU	84.144	1,099	
Magnet Schools Assistance	SU	84.165	27,500	
Safe and Drug-Free Schools and Communities_National Programs	SU	84.184	3,177	
Tech-Prep Education	SCC	84.243	112,384	
Goals 2000-State and Local Education Systemic Improvement Grants	SU	84.276	864	
Charter Schools	SCC/SU	84.282	164,793	
Comprehensive Regional Assistance Centers	SU	84.283	103,106	16,134
Ready-To-Learn Television	SCC/SU	84.295	56,940	
Regional Technology in Education Consortia	SU	84.302	13,303	
Technology Innovation Challenge Grants	SCC/SU	84.303	217,925	
Education Technology State Grants	SU	84.318	13,650	
Special Education_Research and Innovation to Improve Services and Results for Children with Disabilities	SCC	84.324	39,947	
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	124,626	
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SU	84.326	148,122	
Comprehensive School Reform Demonstration	SU	84.332	103,099	
Gaining Early Awareness and Readiness for Undergraduate Programs	SU	84.334	31,207	
Preparing Tomorrows Teachers to Use Technology	SCC	84.342	24,312	
Transition to Teaching	SCC	84.350	1,167	
Voluntary Public School Choice	SU	84.361	27,084	
Improving Teacher Quality State Grants	SCC	84.367	5,887	
Grants for State Assessments and Related Activities	SU	84.369	77,979	
National Writing Project	SU	84.928	77,766	
Other Federal Awards	SU	84.999	1,884,854	
Subtotal – Indirect Programs – Not Clustered			\$ 4,144,522	\$ 16,134
Subtotal – U. S. Department of Education			\$ 4,805,344,874	\$ 1,563,507,039
National Archives and Records Administration				
Direct Programs – Not Clustered:				
National Historical Publications and Records Grants	FDOS/SU	89.003	80,522	
Subtotal – Direct Programs – Not Clustered			\$ 80,522	\$
Subtotal – National Archives and Records Administration			\$ 80,522	\$
Elections Assistance Commission				
Direct Programs – Not Clustered:				
Help America Vote Act Requirements Payments	FDOS	90.401	21,021,110	11,600,000
Subtotal – Direct Programs – Not Clustered			\$ 21,021,110	\$ 11,600,000
Subtotal – Elections Assistance Commission			\$ 21,021,110	\$ 11,600,000
U. S. Institute of Peace				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Unsolicited Grant Program	SU	91.001	8,600	
Solicited Grant Program	SU	91.002	23,897	
Subtotal – Direct Programs – Clustered			\$ 32,497	\$
Direct Programs – Not Clustered:				
Other Federal Awards	SU	91.999	11,597	
Subtotal – Direct Programs – Not Clustered			\$ 11,597	\$
Subtotal – U. S. Institute of Peace			\$ 44,094	\$

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
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	\$ 31,134,186	\$ 29,715,294
Special Programs for the Aging_Title III, Part C_Nutrition Services	FDOEA	93.045	36,308,112	33,159,443
Nutrition Services Incentive Program	FDOEA	93.053	7,476,927	7,236,142
CCDF Cluster:				
Child Care and Development Block Grant	FAWI/FDCFS/SCC	93.575	282,422,158	261,548,481
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	FAWI	93.596	103,391,782	103,391,782
Medicaid Cluster:				
State Medicaid Fraud Control Units	FDLA	93.775	9,328,649	
State Survey and Certification of Health Care Providers and Suppliers	FAHCA/FDOH	93.777	16,180,366	
Medical Assistance Program	FAHCA/FDCFS/ FDOEA/FDOH	93.778	8,397,887,524	24,084,798
Research and Development Programs Cluster:				
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	SU	93.048	671,748	3,000
Centers for Genomics and Public Health	SU	93.063	92,131	
Food and Drug Administration_Research	SU	93.103	272,955	
Model State-Supported Area Health Education Centers	SU	93.107	122,667	98,908
Maternal and Child Health Federal Consolidated Programs	SU	93.110	1,183,696	286,826
Biological Response to Environmental Health Hazards	SU	93.113	3,429,919	983,263
Biometry and Risk Estimation_Health Risks from Environmental Exposures	SU	93.115	452,643	45,189
Oral Diseases and Disorders Research	SU	93.121	8,510,013	554,036
Nurse Anesthetist Traineeships	SU	93.124	8,160	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	SU	93.135	1,215,852	331,773
Injury Prevention and Control Research and State and Community Based Protection and Advocacy for Individuals with Mental Illness	SU	93.136	651,099	369,105
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.138	41,531	
Human Genome Research	SU	93.153	1,730,406	1,008,499
Research Related to Deafness and Communication Disorders	SU	93.172	63,027	
Research and Training in Complementary and Alternative Medicine	SU	93.173	4,076,560	215,384
Research on Healthcare Costs, Quality and Outcomes	SU	93.213	399,504	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	512,365	94,431
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	53,024	
National Center on Sleep Disorders Research	SU	93.233	318,924	
Mental Health Research Grants	SU	93.242	7,645,518	392,169
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	SU	93.243	381,095	
Advanced Education Nursing Grant Program	SU	93.247	242,438	
Occupational Safety and Health Program	SU	93.262	51,124	
Occupational Safety and Health_Training Grants	SU	93.263	11,286	
Alcohol National Research Service Awards for Research Training	SU	93.272	81,821	
Alcohol Research Programs	SU	93.273	3,902,116	136,324
Drug Abuse and Addiction Research Programs	SU	93.279	7,625,781	220,032
Mental Health Research Career/Scientist Development Awards	SU	93.281	469,490	
Mental Health National Research Service Awards for Research Training	SU	93.282	122,293	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	SU	93.283	1,426,731	328,238
Discovery and Applied Research for Technological Innovations to Improve Human Health	SU	93.286	2,430,500	121,766
Minority Health and Health Disparities Research	SU	93.307	5,110,783	
Clinical Research	SU	93.333	2,732,520	1,709,691
Advanced Education Nursing Traineeships	SU	93.358	66,459	
Nursing Research	SU	93.361	2,726,055	170,695
National Center for Research Resources	SU	93.389	7,720,984	149,703
Academic Research Enhancement Award	SU	93.390	254,763	
Cancer Cause and Prevention Research	SU	93.393	1,711,325	129,917
Cancer Detection and Diagnosis Research	SU	93.394	2,059,016	824,204
Cancer Treatment Research	SU	93.395	4,230,358	1,170,598
Cancer Biology Research	SU	93.396	4,324,558	91,670
Cancer Centers Support Grants	SU	93.397	2,405,730	1,413,875
Cancer Research Manpower	SU	93.398	426,815	
Cancer Control	SU	93.399	616,713	49,149
Promoting Safe and Stable Families	SU	93.556	21,998	
Job Opportunities and Basic Skills Training	SU	93.561	9,964	
Community Services Block Grant_Discretionary Awards	SU	93.570	139,624	
Head Start	SU	93.600	50,367	
Social Services Research and Demonstration	SU	93.647	3,957	
Foster Care_Title IV-E	SU	93.658	14,000	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Family Violence Prevention and Services/Grants for Battered Womens Shelters_Grants to States and Indian Tribes	SU	93.671	\$ 100,879	\$
Heart and Vascular Diseases Research	SU	93.837	11,299,273	434,654
Lung Diseases Research	SU	93.838	4,189,093	361,582
Blood Diseases and Resources Research	SU	93.839	2,771,853	302,694
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	3,923,432	338,299
Diabetes, Endocrinology and Metabolism Research	SU	93.847	6,410,060	703,771
Digestive Diseases and Nutrition Research	SU	93.848	2,287,792	15,156
Kidney Diseases, Urology and Hematology Research	SU	93.849	4,037,132	389,503
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	10,088,230	835,128
Allergy, Immunology and Transplantation Research	SU	93.855	4,387,444	705,418
Microbiology and Infectious Diseases Research	SU	93.856	12,024,221	421,922
Biomedical Research and Research Training	SU	93.859	11,321,083	1,245,241
Child Health and Human Development Extramural Research	SU	93.865	6,715,457	535,936
Aging Research	SU	93.866	6,924,890	1,680,252
Vision Research	SU	93.867	7,562,229	1,641,838
Medical Library Assistance	SU	93.879	244,591	
Health Care and Other Facilities	SU	93.887	3,983,261	370,000
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	30,526	
Rural Health Outreach and Rural Network Development Program	SU	93.912	39,513	
Healthy Start Initiative	SU	93.926	2,019,648	475,225
Research, Treatment and Education Programs on Lyme Disease in the United States	SU	93.942	11,250	
Assistance Programs for Chronic Disease Prevention and Control	SU	93.945	738,450	210,832
Coal Miners Respiratory Impairment Treatment Clinics and Services	SU	93.965	77,890	
International Research and Research Training	SU	93.989	194,313	27,499
Other Federal Awards	SU	93.999	2,726,357	497,389
Student Financial Assistance Programs Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	SU	93.342	4,099,009	
Nursing Student Loans	SCC/SU	93.364	124,661	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	SCC/SU	93.925	2,061,277	
Subtotal – Direct Programs – Clustered			<u>\$ 9,077,345,924</u>	<u>\$ 481,226,719</u>
Direct Programs – Not Clustered:				
Public Health and Social Services Emergency Fund	FDOH	93.003	21,709,553	14,834,173
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	FDOH	93.006	341,466	
Medical Reserve Corps Small Grant Program	FDOH	93.008	332,112	
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	FDOEA	93.041	449,469	231,000
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	FDOEA	93.042	932,799	
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	FDOEA	93.043	1,685,082	1,523,350
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	FDOEA/SCC/SU	93.048	9,546,130	7,413,916
Alzheimer's Disease Demonstration Grants to States	FDOEA	93.051	233,764	146,953
National Family Caregiver Support	FDOEA	93.052	12,976,978	10,227,824
Food and Drug Administration_Research	FDA/CS/SU	93.103	33,581	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	FDCFS	93.104	1,151,814	489,856
Model State-Supported Area Health Education Centers	SU	93.107	547,419	496,211
Maternal and Child Health Federal Consolidated Programs	FDOH/SU	93.110	1,713,983	89,476
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	FDOC/FDOH	93.116	6,292,407	305,511
Oral Diseases and Disorders Research	SU	93.121	249,078	
Nurse Anesthetist Traineeships	SU	93.124	47,596	
Emergency Medical Services for Children	FDOH	93.127	26,975	9,145
Primary Care Services_Resource Coordination and Development	FDOH	93.130	267,196	75,000
Injury Prevention and Control Research and State and Community Based	FDOH	93.136	2,653,700	2,001,885
AIDS Education and Training Centers	SU	93.145	2,851,397	1,365,008
Projects for Assistance in Transition from Homelessness (PATH)	FDCFS	93.150	2,994,136	2,900,939
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	950,494	576,497
Centers of Excellence	SU	93.157	648,917	
Human Genome Research	SU	93.172	43,351	
Research Related to Deafness and Communication Disorders	SU	93.173	127,850	
Nursing Workforce Diversity	SCC/SU	93.178	263,944	
Allied Health Special Projects	SU	93.191	648,241	
Quentin N. Burdick Programs for Rural Interdisciplinary Training	SU	93.192	237,053	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Not Clustered (Continued):				
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	FDOH	93.197	\$ 893,135	\$
Surveillance of Hazardous Substance Emergency Events	FDOH	93.204	46,319	
Research and Training in Complementary and Alternative Medicine	SU	93.213	192,831	
Family Planning_Services	FDOH	93.217	10,135,863	535,887
Community Health Centers	FDOH	93.224	2,814,992	
Consolidated Knowledge Development and Application (KD&A) Program	FDCFS/SU	93.230	95,321	
Traumatic Brain Injury_State Demonstration Grant Program	FDOH	93.234	80,000	
Abstinence Education Program	FDOH	93.235	2,573,492	1,492,292
Grants for Dental Public Health Residency Training	SU	93.236	84,053	
State Capacity Building	FDOH	93.240	515,498	
State Rural Hospital Flexibility Program	FDOH	93.241	654,050	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	FDCFS	93.243	543,792	390,240
Innovative Food Safety Projects	FDACS	93.245	15,724	
Advanced Education Nursing Grant Program	SU	93.247	1,793,052	124,147
Universal Newborn Hearing Screening	FDOH	93.251	174,886	23,095
Healthy Community Access Program	FDOH	93.252	758,985	
Poison Control Stabilization and Enhancement Grants	SU	93.253	270,192	263,427
State Planning Grant_Health Care Access for the Uninsured	FAHCA	93.256	536,872	
Rural Access to Emergency Devices Grant	FDOH	93.259	129,117	
Occupational Safety and Health_Training Grants	SU	93.263	990,287	
Nurse Faculty Loan Program (NFLP)	SU	93.264	98,689	
Immunization Grants*	FDOH	93.268	81,538,261	52,421,244
Substance Abuse and Mental Health Services-Access to Recovery	FDCFS	93.275	1,397,519	117,745
Drug Abuse and Addiction Research Programs	SU	93.279	59,261	
Mental Health Research Career/Scientist Development Awards	SU	93.281	131,157	
Mental Health National Research Service Awards for Research Training	SU	93.282	133,207	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	FDACS/FDOE/FDOH/ FFWCC/SCC/SU	93.283	46,904,321	1,745,644
National Health Service Corps Scholarship Program	SU	93.288	62,787	
Small Rural Hospital Improvement Grants	FDOH	93.301	172,746	
Laboratory Animal Sciences and Primate Research	SU	93.306	10,045	
Advanced Education Nursing Traineeships	SU	93.358	468,687	
Nurse Education, Practice and Retention Grants	SU	93.359	371,491	9,450
Nursing Research	SU	93.361	114,557	
National Center for Research Resources	SU	93.389	4,930,782	
Cancer Cause and Prevention Research	SU	93.393	102,433	
Cancer Research Manpower	SU	93.398	1,435,778	99,650
Cancer Control	SU	93.399	829,463	343,156
Promoting Safe and Stable Families	FDCFS	93.556	17,376,948	11,740,430
Temporary Assistance for Needy Families	FAWI/FDCFS/FDLE/ FDMA/FDOC/FDOE/ FDOH/SCC	93.558	616,939,849	361,144,834
Child Support Enforcement	Courts/FDOR/JAC	93.563	186,478,409	21,607,720
Child Support Enforcement Research	FDOR	93.564	47,237	
Refugee and Entrant Assistance_State Administered Programs	FAHCA/FDCFS/FDOH	93.566	70,958,188	14,758,149
Low-Income Home Energy Assistance	FDCA/FDOEA	93.568	29,161,313	28,724,961
Community Services Block Grant	FDCA	93.569	20,390,751	19,685,818
Community Services Block Grant_Discretionary Awards	SU	93.570	87,753	
Community Services Block Grant Formula and Discretionary Awards-Community Food and Nutrition Programs	FDCA	93.571	234,204	234,204
Refugee and Entrant Assistance_Discretionary Grants	FDCFS/FDOH	93.576	20,051,962	15,680,728
U.S. Repatriation	FDCFS	93.579	49,845	
Refugee and Entrant Assistance_Targeted Assistance Grants	FDCFS	93.584	13,347,308	13,086,182
Empowerment Zones Program	FDCA	93.585	619,863	619,863
State Court Improvement Program	Courts	93.586	524,884	
Community-Based Child Abuse Prevention Grants	FDCFS/SU	93.590	1,267,908	905,043
Grants to States for Access and Visitation Programs	FDCFS	93.597	461,144	430,069
Chafee Education and Training Vouchers Program (ETV)	FDCFS	93.599	2,448,700	1,304,134
Head Start	SU	93.600	1,130,846	241,967
Adoption Incentive Payments	FDCFS	93.603	4,101,231	3,103,843
Children's Justice Grants to States	FDCFS/FDLE	93.643	1,336,872	41,986
Child Welfare Services_State Grants	FDCFS	93.645	13,382,306	8,803,126
Adoption Opportunities	FDCFS	93.652	100,701	
Foster Care_Title IV-E	FDCFS/FDJJ	93.658	136,418,493	83,394,160
Adoption Assistance	FDCFS	93.659	51,249,663	28,102,793
Social Services Block Grant	FAWI/FDCFS/FDJJ/ FDOH	93.667	160,325,829	54,819,795

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Direct Programs – Not Clustered (Continued):				
Child Abuse and Neglect State Grants	FDCFS	93.669	\$ 1,174,121	\$ 913,963
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	FDCFS	93.671	1,838,689	1,825,254
Chafee Foster Care Independence Program	FDCFS	93.674	10,667,533	6,456,683
State Children's Insurance Program	FAHCA/FDCFS/FDOH	93.767	305,468,636	195,890,337
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	FAHCA/FDCFS/FDMS/ FDOEA	93.779	2,737,181	652,293
Health Careers Opportunity Program	SCC/SU	93.822	950,000	
Heart and Vascular Diseases Research	SU	93.837	486,646	
Lung Diseases Research	SU	93.838	53,077	
Blood Diseases and Resources Research	SU	93.839	148,758	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	117,457	
Digestive Diseases and Nutrition Research	SU	93.848	211,648	
Kidney Diseases, Urology and Hematology Research	SU	93.849	261,982	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	114,359	
Microbiology and Infectious Diseases Research	SU	93.856	270,972	
Biomedical Research and Research Training	SCC/SU	93.859	3,091,492	
Child Health and Human Development Extramural Research	SCC/SU	93.865	382,236	
Aging Research	SU	93.866	247,699	
Vision Research	SU	93.867	230,529	
Grants for Residency Training in Primary Care Medicine and Dentistry	SU	93.884	528,949	59,664
Health Care and Other Facilities	SCC/SU	93.887	6,452,121	
Specially Selected Health Projects	SU	93.888	747,948	
National Bioterrorism Hospital Preparedness Program	FDOH	93.889	1,269,185	401,375
Rural Health Outreach and Rural Network Development Program	FDOH	93.912	166,011	40,560
Grants to States for Operation of Offices of Rural Health	FDOH	93.913	126,134	72,000
HIV Care Formula Grants	FDOC/FDOH	93.917	116,314,448	28,186,278
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	FDOH/SU	93.918	3,678,515	172,346
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	FDOH	93.919	4,257,880	2,434,265
Healthy Start Initiative	FDOH/SU	93.926	1,254,604	125,793
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	FDOE/FDOH	93.938	755,688	
HIV Prevention Activities_Health Department Based	FDOC/FDOH	93.940	21,064,556	5,161,805
HIV Demonstration, Research, Public and Professional Education Projects	FDOC/FDOH	93.941	602,947	92,270
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	FDOH	93.943	620	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	FDOH	93.944	3,907,367	118,485
Assistance Programs for Chronic Disease Prevention and Control	FDOH	93.945	1,715,635	206,555
Improving EMS/Trauma Care in Rural Areas	FDOH	93.952	19,145	
Block Grants for Community Mental Health Services	FDCFS	93.958	24,846,947	23,507,736
Block Grants for Prevention and Treatment of Substance Abuse	FDCFS	93.959	102,765,934	96,266,524
Health Administration Traineeships and Special Projects Program	SU	93.962	20,913	
Public Health Traineeships	SU	93.964	36,139	
Geriatric Education Centers	SU	93.969	360,885	
Health Professions Recruitment Program for Indians	SU	93.970	3,483	
Preventive Health Services_Sexually Transmitted Diseases Control Grants	FDOH	93.977	5,412,425	38,964
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	FDOH	93.978	380,868	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	FDOH	93.988	672,972	21,000
Preventive Health and Health Services Block Grant	FDOH	93.991	3,025,881	126,966
Maternal and Child Health Services Block Grant to the States	FDOH	93.994	19,517,743	11,224,295
Other Federal Awards	FDOH/SU	93.999	328,716	
Subtotal – Direct Programs – Not Clustered			<u>\$ 2,229,196,011</u>	<u>\$ 1,142,677,937</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Indirect Programs – Clustered:				
Aging Cluster:				
Special Programs for the Aging_Title III, Part C_Nutrition Services	SU	93.045	\$ 536	\$
CCDF Cluster:				
Child Care and Development Block Grant	SU	93.575	145,736	
Research and Development Programs Cluster:				
Cooperative Agreements to Improve the Health Status of Minority Populations	SU	93.004	4,626	
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	SU	93.048	6,134	
National Family Caregiver Support	SU	93.052	145,116	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	212,758	
Maternal and Child Health Federal Consolidated Programs	SU	93.110	126,546	
Biological Response to Environmental Health Hazards	SU	93.113	28,433	
Oral Diseases and Disorders Research	SU	93.121	398,031	
Nurse Anesthetist Traineeships	SU	93.124	60,750	
Mental Health Planning and Demonstration Projects	SU	93.125	418,685	
Grants to Increase Organ Donations	SU	93.134	139,889	
Community Programs to Improve Minority Health Grant Program	SU	93.137	5,803	
AIDS Education and Training Centers	SU	93.145	2,540,144	36,187
Projects for Assistance in Transition from Homelessness (PATH)	SU	93.150	4,975	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	20,815	
Rural Health Research Centers	SU	93.155	17,350	
Human Genome Research	SU	93.172	1,123,447	
Research Related to Deafness and Communication Disorders	SU	93.173	101,038	
Health Education and Training Centers	SU	93.189	43,358	
Allied Health Special Projects	SU	93.191	19,284	
Human Health Studies_Applied Research and Development	SU	93.206	17,866	
Research and Training in Complementary and Alternative Medicine	SU	93.213	39,153	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	303,569	
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	246,039	
National Center on Sleep Disorders Research	SU	93.233	2,290	
Policy Research and Evaluation Grants	SU	93.239	1,409	
Mental Health Research Grants	SU	93.242	607,507	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	SU	93.243	637,922	
Healthy Community Access Program	SU	93.252	14,856	
Occupational Safety and Health Program	SU	93.262	10,098	3,773
Alcohol Research Programs	SU	93.273	81,387	
Drug Abuse and Addiction Research Programs	SU	93.279	215,658	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	SU	93.283	1,831,772	96,604
Discovery and Applied Research for Technological Innovations to Improve Human Health	SU	93.286	214,920	
National Center for Research Resources	SU	93.389	219,012	
Cancer Cause and Prevention Research	SU	93.393	40,116	
Cancer Detection and Diagnosis Research	SU	93.394	501,959	
Cancer Treatment Research	SU	93.395	2,654,566	158,160
Cancer Biology Research	SU	93.396	14,436	
Cancer Centers Support Grants	SU	93.397	1,762	
Cancer Research Manpower	SU	93.398	12,894	
Cancer Control	SU	93.399	69,563	
Community Services Block Grant_Discretionary Awards	SU	93.570	43,908	43,908
Early Learning Fund	SU	93.577	37,284	
Head Start	SU	93.600	76,675	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	148,591	
Foster Care_Title IV-E	SU	93.658	24,905	
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	SU	93.671	119,792	
Heart and Vascular Diseases Research	SU	93.837	206,453	
Lung Diseases Research	SU	93.838	722,879	2,690
Blood Diseases and Resources Research	SU	93.839	112,312	
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	113,499	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	694,028	
Digestive Diseases and Nutrition Research	SU	93.848	207,629	
Kidney Diseases, Urology and Hematology Research	SU	93.849	129,687	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	1,228,917	
Allergy, Immunology and Transplantation Research	SU	93.855	307,998	
Microbiology and Infectious Diseases Research	SU	93.856	783,987	
Biomedical Research and Research Training	SU	93.859	1,044,255	

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Health and Human Services (Continued)				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Child Health and Human Development Extramural Research	SU	93.865	\$ 1,293,530	\$ 7,882
Aging Research	SU	93.866	532,177	
Vision Research	SU	93.867	254,233	
Medical Library Assistance	SU	93.879	4,848	
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	210,034	
Family and Community Violence Prevention Program	SU	93.910	47,103	
HIV Emergency Relief Project Grants	SU	93.914	169,114	
Healthy Start Initiative	SU	93.926	45,765	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	SU	93.938	95,336	
Block Grants for Community Mental Health Services	SU	93.958	50,354	
Block Grants for Prevention and Treatment of Substance Abuse	SU	93.959	56,631	
Geriatric Education Centers	SU	93.969	4,971	
Preventive Health and Health Services Block Grant	SU	93.991	7,514	
Other Federal Awards	SU	93.999	1,900,823	
Student Financial Assistance Programs Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	SU	93.342	5,041	
Nursing Student Loans	SU	93.364	37,165	
Subtotal – Indirect Programs – Clustered			<u>\$ 24,019,646</u>	<u>\$ 349,204</u>
Indirect Programs – Not Clustered:				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program				
National Family Caregiver Support	SU	93.006	124,787	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.052	36,226	
Model State-Supported Area Health Education Centers	SU	93.104	2	
Mental Health Planning and Demonstration Projects	SU	93.107	8,093	
Health Center Grants for Homeless Populations	SU	93.125	52,286	
Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds	SU	93.151	59,278	
Health Education and Training Centers	SU	93.187	20,056	
Mental Health Research Grants	SU	93.189	316,092	270,290
Mental Health National Research Service Awards for Research Training Centers for Disease Control and Prevention_ Investigations and Technical Assistance	SU	93.242	61,807	
	SU	93.282	1,545	
Promoting Safe and Stable Families	FFWCC/SU	93.283	365,953	5,000
Temporary Assistance for Needy Families	SU	93.556	350,578	
Community Services Block Grant_Discretionary Awards	SCC/SU	93.558	4,971,474	
Child Care for Families At-Risk of Welfare Dependency	SCC	93.570	49,457	
Refugee and Entrant Assistance_Discretionary Grants	SCC	93.574	69,857	
Early Learning Fund	SU	93.576	54,186	
Head Start	SU	93.577	9,211	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.600	43,747	
Child Welfare Services Training Grants	SU	93.630	351,489	63,994
Adoption Opportunities	SU	93.648	4,747	
Foster Care_Title IV-E	SU	93.652	23,996	
Biomedical Research and Research Training	SU	93.658	885,646	562,500
Family and Community Violence Prevention Program	SCC	93.859	8,934	
HIV Emergency Relief Project Grants	FDOH	93.910	89,284	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	FDOH	93.914	8,376,586	158,830
Healthy Start Initiative	FDOH	93.918	146,954	
HIV Demonstration, Research, Public and Professional Education Projects	FDOH/SU	93.926	579,104	
Block Grants for Community Mental Health Services	SU	93.941	952	
Block Grants for Prevention and Treatment of Substance Abuse	SU	93.958	20,606	
International Research and Research Training	SU	93.959	101,040	
Other Federal Awards	SU	93.989	3,135	
	SU	93.999	198,102	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 17,385,210</u>	<u>\$ 1,060,614</u>
Subtotal – U. S. Department of Health and Human Services			<u>\$ 11,347,946,791</u>	<u>\$ 1,625,314,474</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Corporation for National and Community Service				
Direct Programs – Clustered:				
Foster Grandparent/Senior Companion Cluster:				
Senior Companion Program	FDOEA	94.016	\$ 316,525	\$ 243,885
Subtotal – Direct Programs – Clustered			<u>\$ 316,525</u>	<u>\$ 243,885</u>
Direct Programs – Not Clustered:				
Retired and Senior Volunteer Program	SCC	94.002	127,224	
Learn and Serve America_School and Community Based Programs	FDOE/SCC/SU	94.004	1,320,159	802,744
AmeriCorps	FDOEA/SCC	94.006	236,991	199,710
Volunteers in Service to America	SU	94.013	260,859	
Subtotal – Direct Programs – Not Clustered			<u>\$ 1,945,233</u>	<u>\$ 1,002,454</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
AmeriCorps	SU	94.006	39,104	
Planning and Program Development Grants	SU	94.007	19,789	
Subtotal – Indirect Programs – Clustered			<u>\$ 58,893</u>	<u>\$</u>
Indirect Programs – Not Clustered:				
Learn and Serve America_Higher Education	SCC	94.005	43,647	
AmeriCorps	FDEP/FDOEA/SU	94.006	678,500	72,200
Planning and Program Development Grants	SU	94.007	3,500	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 725,647</u>	<u>\$ 72,200</u>
Subtotal – U. S. Corporation for National and Community Service			<u>\$ 3,046,298</u>	<u>\$ 1,318,539</u>
U. S. Social Security Administration				
Direct Programs – Clustered:				
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	FDLE/FDOH	96.001	93,761,560	
Subtotal – Direct Programs – Clustered			<u>\$ 93,761,560</u>	<u>\$</u>
Subtotal – U. S. Social Security Administration			<u>\$ 93,761,560</u>	<u>\$</u>
U. S. Department of Homeland Security				
Direct Programs – Clustered:				
Homeland Security Cluster:				
State Domestic Preparedness Equipment Support Program	FDACS/FDCA/FDEP/ FDFS/FDHSMV/FDLE/ FDMS/FDOE/FDOH/ SCC	97.004	52,319,271	22,632,333
Homeland Security Grant Program	FDCA	97.067	868,951	29,066
Research and Development Programs Cluster:				
Hazard Mitigation Grant	SU	97.039	302,615	
Pre-Disaster Mitigation	SU	97.047	26,663	
Subtotal – Direct Programs – Clustered			<u>\$ 53,517,500</u>	<u>\$ 22,661,399</u>
Direct Programs – Not Clustered:				
Pilot Demonstration or Earmarked Projects	FDCA/FFWCC	97.001	8,406,000	7,880,926
Research Projects	SU	97.002	92,550	
Homeland Security Preparedness Technical Assistance	SCC	97.007	1,958,374	
Urban Areas Security Initiative	FDCA	97.008	11,365,818	11,365,818
Boating Safety Financial Assistance	FFWCC	97.012	2,762,484	
Hazardous Materials Training Program	FDCA	97.020	162	
Community Assistance Program State Support Services Element (CAP-SSSE)	FDCA	97.023	365,427	
Flood Mitigation Assistance	FDCA	97.029	1,566,823	1,371,640
Crisis Counseling	FDCA/FDCFS	97.032	10,261,468	7,497,698
Disaster Unemployment Assistance	FAWI	97.034	23,471,563	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005
(continued)

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2004-2005 EXPENDITURES	2004-2005 TRANSFER TO SUBRECIPIENTS
U. S. Department of Homeland Security (Continued)				
Direct Programs – Not Clustered (Continued):				
Public Assistance Grants	Courts/FAHCA/ FDACS/FDBPR/FDCA/ FDCFS/FDEP/FDFS/ FDHSMV/FDJJ/FDLE/ FDMA/FDMS/FDOC/ FDOEA/FDOH/FDOS/ FDOT/FFWCC/FLOT/ SCC	97.036	\$ 1,092,532,128	\$ 942,803,315
Hazard Mitigation Grant	FDCA/FDOE	97.039	28,040,220	24,575,513
National Dam Safety Program	FDEP	97.041	32,090	
Emergency Management Performance Grants	FDCA	97.042	5,954,309	2,783,595
Assistance to Firefighters Grant	SU	97.044	2,046	
Fire Management Assistance Grant	FDACS/FDCA	97.046	460,167	
Pre-Disaster Mitigation	FDCA	97.047	428,486	393,302
State and Local All Hazards Emergency Operations Planning	FDCA	97.051	251,184	
Community Emergency Response Teams	FDCA	97.054	297,486	284,239
Other Federal Awards	FDFS	97.999	44,324	
Subtotal – Direct Programs – Not Clustered			<u>\$ 1,188,293,109</u>	<u>\$ 998,956,046</u>
Indirect Programs – Not Clustered:				
Assistance to Firefighters Grant	SU	97.044	26,274	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 26,274</u>	<u>\$</u>
Subtotal – U. S. Department of Homeland Security			<u>\$ 1,241,836,883</u>	<u>\$1,021,617,445</u>
U. S. Agency for International Development				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
John Ogonowski Farmer-to-Farmer Program	SU	98.009	220,470	75,055
Other Federal Awards	SU	98.999	864,946	216,583
Subtotal – Direct Programs – Clustered			<u>\$ 1,085,416</u>	<u>\$ 291,638</u>
Direct Programs – Not Clustered:				
USAID Foreign Assistance for Programs Overseas	SU	98.001	71,287	45,056
Other Federal Awards	SU	98.999	1,201,691	45,643
Subtotal – Direct Programs – Not Clustered			<u>\$ 1,272,978</u>	<u>\$ 90,699</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Other Federal Awards	SU	98.999	1,022,437	164,108
Subtotal – Indirect Programs – Clustered			<u>\$ 1,022,437</u>	<u>\$ 164,108</u>
Indirect Programs – Not Clustered:				
Other Federal Awards	SCC/SU	98.999	361,113	
Subtotal – Indirect Programs – Not Clustered			<u>\$ 361,113</u>	<u>\$</u>
Subtotal – U. S. Agency for International Development			<u>\$ 3,741,944</u>	<u>\$ 546,445</u>
Direct Total Federal Awards Expenditures			<u>\$ 24,303,762,058</u>	<u>\$ 5,491,187,781</u>
Indirect Total Federal Awards Expenditures			<u>\$ 96,322,707</u>	<u>\$ 3,327,054</u>
Total Federal Awards Expenditures			<u>\$ 24,400,084,765</u>	<u>\$ 5,494,514,835</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

*Indicates noncash assistance.

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2005

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 provided by the Administering agency.

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 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 \$71 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 2004-05 fiscal year totaled \$8,469,294. 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, 2005, totaled \$93,926,334.

- ***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, 2005, totaled \$ 997,646,714 of which \$ 496,948,419 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, 2005, totaled \$202,166,380.

- ***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 2004-05 fiscal year, payments made to lenders to cover student loans in default totaling \$137,019,109 and the value of new net loan guarantees totaling \$1,198,647,476 are shown on one line of the accompanying schedule. The value of new net loan guarantees represents actual loans guaranteed during the 2004-05 fiscal year. The value of loan guarantees outstanding at June 30, 2005, totaled \$4,936,995,104.

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 \$95,978,023 and State funds of \$932,329,129 disbursed during the 2004-05 fiscal year from the State's account in the FUTF.

NOTE 4. JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003

The State received the distribution of Jobs and Growth Tax Relief (JGTR) Funds of \$543,484,155 during the 2003-04 fiscal year (CFDA No. 21.000). Federal funds of \$310,000,000 were expended in the 2003-04 fiscal year. The remaining \$233,484,155 was expended by various agencies during the 2004-05 fiscal year.

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 (clustered or not clustered) under the respective CFDA numbers:

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
Office of National Drug Control Policy			
St. Johns County	MOU	07.999	\$ 132
Total – Office of National Drug Control Policy			\$ 132
U. S. Department of Agriculture			
Agricultural Research	N/A	10.999	10
Alabama A&M University	00-52100-9616FAMU	10.001	90
Alabama A&M University	USDA / ALABAMA A&M U	10.200	20
Alachua/Bradford Regional Workforce Board	L-COMP-01-04.L-COMP-03-04	10.561	154
American Egg Board	N/A	10.999	13
Archbold Biological Station	ARCH/US00-35101-9292	10.206	23
Auburn University	05-AGR0534226-UF/ 2003-06169	10.200	165
Auburn University	AUBURN UNIV 02-AGR-5	10.999	2
Bard (US Israel AG R&D Fund)	2004-34135-14715	10.200	66
Clemson University	871-7557-215-2004449	10.500	2
Cornell University	42681-7481	10.304	56
Fort Valley State University	2004-1008-01	10.999	11
Gulf Coast Workforce Development Board	04-02-WT	10.551	60
Harbor Branch Oceanographic Institute	HARBOR BRANCH SUB/ N/A	10.999	193
Holmes County Development Commission	09030 059 2914584	10.773	27
MBI International	61-4089A	10.999	49
Michigan State University	USDA/MICHIGAN STATE	10.303	31
Mississippi State University	N/A	10.200	16
Mississippi State University	MISS. STATE UNIV.	10.302	43
North Carolina State University	2003-1290-02/ 2003-1486-07/ 2003-1486-18/ 2003-1486-22	10.303	62
North Carolina State University	USDA 98-ESAG-1-0320	10.500	1
Ohio State University	744441	10.200	20
Oregon State University	N/A	10.999	25
Rutgers University	2004-FL01-ARS/ 2004-FLB001/ RUTGERS STATE UNIV/ USDA/RUTGERS STATE U	10.200	233
Rutgers University	RUTGERS STATE UNIV/ USDA RUTGERS UNIV	10.999	23
South Carolina State University	04-443620-FCS-FSU-FL	10.216	4
Southern United States Trade Association	SUSTA/EMO 01-03 flm	10.999	52
Texas A&M University	00-51130-9752/ 450012/ 450140-6/ USDA TA&M 02-51102-0	10.303	73
Texas A&M University	622066/ USDA/TEXAS A&M UNIV	10.500	13
Texas A&M University	570083 USDA-TX A &M	10.999	480
University of Arkansas	UA AES 2001-118	10.206	19
University of California	SA6933/ UNV CAL/USDA 02-3444	10.200	91
University of California	K004629-02	10.302	147
University of California	USDA UNIV OF CALIF.	10.999	12
University of Georgia	RD309-040/3581377/ RD309-040/3581407/ RD309-040/3581517/ RD309-040/3581567/ RD309-049-6582467/ RD309-049-6582777/ RD309-055/8920597/ RD309-055/9037057/ RD309-055/9038547/ RD309-061/9039897/ RD318-103/7877507/ UN OF GEO/USD	10.200	198
University of Georgia	RD309-/ UNIV OF GA RD309-040		
University of Georgia	RC299-338/8920847/ RD294-259/5812107	10.303	3
University of Georgia	RE675-109/7512037/ RE675-109-6331827/ RE675-110/8920047	10.500	80
University of Georgia	RE675-109/6331837	10.999	3
University of Maine	UM-S500/USDA	10.200	12
University of Maine	USDA/UNIV OF MAINE U	10.217	10

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Agriculture (Continued)			
University of Maryland	Z5060103	10.303	\$ 17
University of North Texas	UNIV OF NORTH TEXAS	10.999	14
University of Puerto Rico	01-51102-11478/ AES-PO-04-001/ AES-PO-04-002/ AES-PO-05-2	10.200	21
University of Puerto Rico	AES-PO-007	10.999	2
University of Tennessee	AES4078-001.02	10.206	22
University of Vermont	GE34-01	10.217	28
University of Virgin Islands	UNIV VIRGIN ISL/USDA	10.999	7
University of Wyoming	USDAERSN5209CFL	10.250	8
US-Egypt Science & Technology Joint Fund	43314825105 USTREASU	10.961	6
Walton County Workfare	FS010/MO215	10.561	<u>84</u>
Total – U. S. Department of Agriculture			<u>\$ 2,801</u>
U. S. Department of Commerce			
Clifford Chance US LLP	CLIFFORD CHANCE US L	11.110	10
Consortium for Ocean Research & Education	N/A	11.481	10
Council for Int. Ex.	N/A	11.999	3
Earth and Space Research	03-52-02-85	11.473	34
Escambia County	PRIME: NA170Z2095 PO# 241404 & PO #251257	11.419	9
Florida Keys Marine Sanctuary	MOA-2001-683/1283	11.429	48
Gulf of Mexico Fishery Management Council	NA03NMF4410028/ NOAA CRCG 2004	11.433	160
Gulf States Marine Fisheries Commission	GSFMC-001-2004-04	11.434	818
Gulf States Marine Fisheries Commission	BULLFISH-2005-12	11.454	29
Louisiana State University	PRIME=NA16RG2249 LSU=C175664	11.417	51
Micro Analysis & Design, Inc.	800502910	11.609	74
Mote Marine Laboratory	MML-122628C	11.472	484
National Fish and Wildlife Foundation	2002-0005-010/ 2002-0005-014/ 2002-0005-020/ 2002-0005-039.CON/ 2002-0005-040.CON/ 2003-0092-010/ 2003-0093-023/ 2003-0206-0008/ 2003-0206-009/ 2003-0206-013/ 2004-0002-003/ 2004-0012-010/	11.463	411
National Fish and Wildlife Foundation	20030092009	11.467	10
National Fish and Wildlife Foundation	2001-0079-000	11.481	12
Rutgers University	1834	11.430	27
South East University Research Association	SURA-2005-203	11.999	25
St. Johns River Water Management	SJRWMD SE146AA	11.454	2
St. Johns River Water Management	N/A	11.478	19
UCAR/Comet	S0132794	11.481	3
University of New Hampshire Water Resource	02-604	11.419	12
University of North Carolina Wilmington	GOM-2004-10A	11.430	17
University Corporation for Atmospheric Research	S04 44685/ S04-44696	11.467	50
University of California	FLRP-2004-11A Subaward#010726	11.430	9
University of Connecticut	NAGL0311A/ NAGL-03-11A	11.460	14
University of Georgia	RE676-224/9036277	11.417	27
University of Hawaii	UNIV OF HAWAII	11.432	24
University of Maryland	CA0203	11.417	29
University of Maryland	CA 02-14/07525464373	11.473	338
University of Miami	660125	11.431	255
University of Miami	P773464	11.432	125
University of Miami	66099H	11.481	5
University of Miami	DOC/NA17RJ1226/P6970	11.999	189
University of Minnesota	UNIV OF MINN D903901	11.417	17
University of Mississippi	USM/USDOC GR01764	11.417	5
University of New Hampshire	02-606/ 02-615/ AGREEMENT #: 03-751	11.419	82
University of North Carolina	2003-24A	11.430	31
University of Southern Mississippi	USM-GR01167	11.999	19
University of Wisconsin	G070033	11.440	103
Woods Hole Oceanographic Institute	A100386	11.431	<u>46</u>
Total – U. S. Department of Commerce			<u>\$ 3,636</u>

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Defense			
21st Century Council	N/A	12.999	\$ 2
Academy of Applied Science	04-09/ 04-10	12.999	5
ACS Defense Inc.	ACSD-04-036	12.999	450
Advanced Material Technology, Inc.	HTC 2004-2005	12.431	15
Aerodyne Research, Inc.	AERODYNE RESEARCH IN	12.431	115
AFS Trinity Power Corp	04-0804-FSU-89	12.114	38
Alion Science & Technology	N/A	12.910	3
Amec, Inc.	N/A	12.999	13
American Superconductor	034821/ N/A	12.999	302
Anteon Corporation	F33601-03-F-0060/ S1309	12.800	54
Apecor	N/A	12.800	83
Aptima, Inc.	0157-1113	12.114	30
Aptima, Inc.	02201157	12.910	33
BAE Systems	RP6889	12.999	258
Ball Aerospace & Technologies, Corporation	SV-T002	12.910	4
Battelle Memorial Institute	IPPD/BATTELLE 181931/ TCN 04155	12.999	17
BEM Systems	OL01129/ OL01132	12.999	40
Bionetics	15926	12.910	186
Biorobots LLC	BIOROBOTICS LLC	12.999	22
BMH Associates, Inc.	CPS-2003-01	12.910	10
Boeing Company	N/A/ Z00785	12.999	72
Brown University	BROWN UNIV 1374-2108	12.630	78
Caracal, Inc.	N00014-04-M-0226/ N00014-04-M-0237	12.431	53
Carnegie Mellon University	119292-1140024/ 119449-1140024	12.300	258
Ceramatec, Inc.	CERAMATEC 3200	12.999	104
CH2M Hill	N/A/ PO# 6137/ Task 2, RFP 022-0557	12.999	31
CHI Systems, Inc.	03014001	12.431	11
CHI Systems, Inc.	CHI 04018-001	12.630	21
CHI Systems, Inc.	4005001	12.910	21
Children's Hospital - Cincinnati	CHMC #433	12.420	84
Clemson University	499-202-2091790	12.300	37
Coastal Environments Inc.	N/A	12.999	105
Colorado State University	G23131	12.300	169
Computer Sciences Corporation	S-8503/ S-8503-02	12.999	1,160
Concurrent Technologies Corporation	P.O.041000092	12.114	2
Constellation Technology Corporation	F3-0083/ G4-003	12.114	234
Constellation Technology Corporation	F3-0261/ F3-0262	12.300	20
Constellation Technology Corporation	F30266	12.910	18
Cubic Defense System	A44761	12.910	5
Custom Manufacturing	P11893	12.999	53
Cymetech LLC	N/A	12.999	5
Duke University	DS788	12.999	535
Earth and Space Research	0240-01-70	12.300	2
Earth Tech. Inc.	05PG-7329-RC11	12.800	13
Earth Tech. Inc.	05PG-7331-RC11/ N/A	12.999	74
Eclipse Energy Systems	20040135	12.300	39
EG&G Technical Services, Inc.	P.O. A150200594	12.300	28
EIC Laboratories, Inc.	EIC LABORATORIES INC	12.999	107
Electrodynamics Associates, Inc.	N/A	12.910	4
EOIR Technologies, Inc.	G6003593	12.999	23
Exponent Environmental Group	EXP ENV GROUP S13-11	12.999	43
Florida Institute of Technology	DACW42-03-C-0003/P0-	12.300	3
Frontier Technology, Inc.	FTI-K205-03-207090/ FTI-W9113M-04-207105	12.999	213
General Technical Services	04-1-168/ 05-1-157	12.999	40
Georgia Institute of Technology	E-18-677-G2	12.100	278
Georgia Institute of Technology	G33B45G1	12.300	4
Georgia Institute of Technology	G-41-Z93-G3	12.431	126
Georgia Institute of Technology	E-16-U81-G2	12.630	38
Georgia Institute of Technology	B12M06S9	12.910	139
H. Lee Moffitt Cancer Center	2004-031	12.420	5
Hyper Tech Research Inc.	1030617-1/ 1030621	12.999	26
IIT Research Institute	2441112012KG	12.431	24
Infinite Photonics, Inc.	MDA97202C0013CREOL1/	12.300	4
	MDA97202C001CREOL1		
Infinite Photonics, Inc.	N/A	12.910	2

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Defense (Continued)			
Innovatek Inc.	14168	12.999	\$ 26
Intelligent Automation, Inc.	3121/ 3551/ 4051	12.910	44
Intelligent Decision	762001	12.300	126
Interdisciplinary Consulting Corporation	INTERDISCIPLINARY CO	12.999	30
Intl Technology Corp.	ITC	12.999	260
ITT Corporation	PO #176815J	12.999	14
ITT Industries, Inc.	PO #20246	12.999	34
Jacobs Engineering	35BC04C1-S-005-0003/ OAKR-I04-0004 TASK ORDER 02: 35-BH9	12.999	5
Jardon and Howard Technology	JHT04P1176	12.910	61
JCM Environmental	N/A	12.999	67
JHT Construction	JHT04P1132	12.910	49
Johns Hopkins University	868437	12.300	5
Kinetic Ceramics, Inc.	01050401/ CE04100101	12.910	60
Laser Fare Advanced	25845/HD123/F2960103	12.910	37
Light Processing & Technology	W31P4Q04CR157	12.910	90
Lockheed Martin Corporation	N/A	12.431	162
Lockheed Martin Corporation	850671854/ 88MMZV772	12.910	19
Lockheed Martin Corporation	880689409	12.999	44
Louisiana State University	R151806	12.420	4
Luna Innovations	AFR1S3035/624UCF	12.910	4
Lynntech, Inc.	N/A	12.910	25
MA Institute of Technology	5710001625	12.999	11
Mantech Systems Engineering	N0042105D0006/T04	12.910	96
Masterlink Corporation	N/A	12.910	10
Medstar Health	MEDSTAR HEALTH	12.420	41
MEI Corporation	N/A	12.630	1
Micro Analysis & Design, Inc.	DAAD190120009	12.431	191
Micro Analysis & Design, Inc.	800503010	12.910	118
Micro Analysis & Design, Inc.	8005.041.48/ DAAD 19-01-2-0009	12.999	536
Mississippi State University	060808-01090729-14/ N62306-01-D-7110/0067 UNDER MASTER/ N62306-01D71100064/ UNDER MASTER AGR.# 060808-01090729-14	12.999	95
Montgomery,Watson,Harza Americas, Inc.	M-A0000-810450F & CHANGE ORDER 1/	12.999	42
NACE International	N000140210024	12.910	2
Nanomat, Inc	DACA4203C0062	12.999	135
New Era Technologies	NEW ERA TECHNOLOGIES	12.999	108
North Carolina A & T State University	441194P	12.300	32
North Carolina A & T State University	NC A&T UNIVERSITY 44	12.999	1
North Carolina State	2001-0687-05	12.300	70
Northrop Grumman Corporation	PO 8200079751	12.630	42
Northrop Grumman Corporation	F41624-02-D-7003	12.800	94
NVIS, Inc.	N/A/ N0001403C0474/ N6133904C0004	12.910	218
Ocean Optics, Inc.	OCEAN OPTICS LIBS000	12.999	22
Ohio State University Research Foundation	743381	12.420	1
Old Dominion University Research	04132234921	12.300	1
Omega-P, Inc.	N/A	12.999	35
Palo Alto Research Center	MDA904-03-C-0404	12.999	17
Pennsylvania State University	DTRA0004.01/ DTRA01-03-D-0010/ S03-36 ITO DTRA0003/ S03-36DTRA0005.01	12.999	78
Physical Sciences, Inc	PSI 30350-2781	12.999	13
Princeton University	00000736	12.800	39
Radiance Technologies, Inc.	RA04-0008	12.431	31
Raytheon Company	PO C51681	12.800	1
Raytheon E-Systems, Inc.	6861841X91/ 71MBL6BR0013	12.800	222
Research Support Institute	A1201	12.630	6
Rice University	R14481-72000005	12.999	35
Rini Technologies, Inc.	N/A	12.431	1
Rini Technologies, Inc.	N/A	12.910	23
Rockwell Scientific	B3U506471	12.300	100
Rutgers University	RUTGERS UNIV S378364	12.999	86
SAIC	4400059933	12.431	1
SAIC	4400077995/ 4400090270	12.910	27
Science Applications International Corporation	4400103005	12.910	56
Science Applications International Corporation	SCIENCE APPLICATIONS	12.999	23

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Defense (Continued)			
Sciperio	N/A	12.431	\$ 10
Sciperio	NBCHC010019USF	12.910	5
Solutions Industrial & Environment Service	P.O. NUMBER 1130-1	12.999	7
Southeast University Research Association	SURA-2004-105/ SURA-2005-203	12.999	139
SRI International	SRI 41-000744/ SRI INTERNATIONAL 41	12.999	49
Stevens Institute of Technology	527826-10	12.999	114
STS International Inc	HLSS-04/ HLSS-05	12.431	1,566
Surfaces Research	S0904-01	12.999	41
SVT Associates	69818101	12.910	2
Sypris Electronics	300773	12.800	29
System Dynamics International	UF03-01/2107-008	12.999	41
Sytronics, Inc.	F33615-98-D-600	12.999	15
Taitech, Inc.	TS04-04-003	12.999	74
TASC Inc.	UKC22574MO04	12.910	270
Technology Applications, Inc.	SO2U05017	12.910	10
The Titan Corporation	45PM000921	12.910	15
Triad Research Corp.	N/A	12.999	23
Triton Systems, Inc.	TSI-2224-04-71670	12.114	34
Tuskegee University	30 12420 037 62112	12.300	19
UCF Florida Space	DAAH0103CF277	12.910	6
UES Inc.	S740000013	12.910	20
Universal Energy Systems	S-740-000-006	12.999	44
Universal Technology Corporation	05S530003702C4	12.910	8
University of Alabama	UNIV OF ALABAMA 03-0	12.800	72
University of Arizona	Y702355	12.630	135
University of California - Los Angeles	UCLA 0160-G-AC859/ UCLA 0190-G-BC154	12.999	117
University of Colorado	SPO31608	12.300	30
University of Delaware	UNIV OF DELAWARE B-4	12.300	46
University of Illinois	UNIV OF ILLINOIS	12.999	5
University of Kentucky - Research Foundation	4-65999-02-402	12.910	3
University of Miami	P768732/ UNIVERSITY OF MIAMI	12.300	127
University of Miami	661525	12.630	28
University of Minnesota	DAAD19-01-2-0014	12.630	1
University of Mississippi	04-10-030	12.300	42
University of Missouri	C00005071-4	12.431	146
University of Missouri	00117131-2/ 00117141-1	12.999	127
University of Montana	PG-4853-01/ UNIVERSITY OF MONTAN	12.300	357
University of New Hampshire	4897	12.300	175
University of North Carolina	3-11210-13/ 3-12110-09-A/ 3-12110-10/ 3-12110-12/ TASK ORDER 3-12110/ UNC	12.300	1,210
University of North Texas	73300-1	12.999	81
University of Southern Mississippi	USM-GRO1435-A10	12.300	18
University of Wisconsin	020H425	12.630	39
University of Wisconsin	273G044	12.999	68
University of Wisconsin - Madison	273G055	12.550	170
Vanderbilt University	17529-S1	12.999	216
Virginia Polytechnic Institute	VPI CR-19300-430933	12.420	111
Water & Air Research	WATER & AIR RSCH GS-	12.999	69
Wayne State University	WSU04031	12.420	11
Weidlinger Associates Inc.	N/A	12.999	37
William and Mary College	UF3624/ WILLIAM & MARY UF352/ WILLIAM & MARY UF355	12.300	310
Winrock International	LETTER DATED 10/21/03	12.999	121
WinTec, Inc.	ARL1-UVF-46	12.300	33
WinTec, Inc.	ARL1-UVF-46	12.999	16
Woods Hole Oceanographic Institution	A100289	12.300	10
Yobotics Inc.	DAAE07-03-C-L070	12.630	76
Zaubertek, Inc.	N/A	12.901	26
Total – U. S. Department of Defense			\$ 16,392

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Housing and Urban Development			
Bradenton Housing Authority	FL14URD0231199	14.866	\$ 1
City of Lauderhill	02-318	14.219	1
City of Tallahassee	653/ 897/ N/A	14.218	28
Miami Dade County Government	RODNT	14.218	<u>183</u>
Total – U. S. Department of Housing and Urban Development			<u>\$ 213</u>
U. S. Department of the Interior			
American Association for Advancement of Science	AM ASSN FOR ADVANCE	15.999	15
C&C Technologies Inc.	PSA 032101	15.999	46
Georgetown University	HCC-RX2050-849-03-C	15.608	277
NatureServe	43044-01	15.999	10
Northern Arizona University	ER135AK25/ ER135ER01	15.615	75
SRI International	03-000226	15.999	662
University of San Diego	UNIV OF SAN DIEGO	15.999	1
Volusia County	N/A	15.615	<u>5</u>
Total – U. S. Department of the Interior			<u>\$ 1,091</u>
U. S. Department of Justice			
ABT Associates Inc.	14480/2003-JN-FX-000	16.560	34
Broward Sheriffs Office	Q5018	16.548	14
City of Ocala	34550883521.80800	16.595	33
George Washington University	03-S31	16.560	112
Harris Corporation	4929357	16.999	42
Hillsborough County	3564	16.595	2
Hillsborough County Sheriffs Office	N/A	16.579	3
Illinois Criminal Justice Information Authority	ILLINOIS 02-02DB-BX 0017	16.579	47
Institute for Intergovernment Research	2003-LD-BX-0001	16.592	45
Justice Research Center, Inc.	N/A	16.523	37
Key West Police Department	MOU	16.999	6
Miami-Dade Juvenile Assessment Center	2002-RG-CX-0011	16.542	30
Research Triangle Institute	RTI 5-44U-7735	16.999	68
Tampa Crossroads	N/A	16.579	4
Thurston Group	N/A	16.200	<u>57</u>
Total – U. S. Department of Justice			<u>\$ 534</u>
U. S. Department of Labor			
Alachua/Bradford Regional Workforce Board	L-COMP-01-04,L-COMP-03-04	17.207	111
Alachua/Bradford Regional Workforce Board	L-COMP-01-04,L-COMP-03-04	17.225	23
Alachua/Bradford Regional Workforce Board	L-COMP-01-04,L-COMP-03-04	17.245	3
Alachua/Bradford Regional Workforce Board	L-A-01-03,L-COMP-01-04,L-COMP-03-04/ L-COMP-01-04,L-COMP-03-04	17.258	350
Alachua/Bradford Regional Workforce Board	L-YOUTH-01-03,L-COMP-01-04,L-COMP-03-04	17.259	593
Alachua/Bradford Regional Workforce Board	S-NEG-01-04, L-A-01-03, L-COMP-01-04,L-COMP-03-04	17.260	520
Alachua/Bradford Regional Workforce Board	L-COMP-01-04,L-COMP-03-04	17.801	1
Alachua/Bradford Regional Workforce Board	L-COMP-01-04,L-COMP-03-04	17.804	2
Baker County Board of Commissioners	N/A	17.258	29
Brevard Workforce Development Board	147-601	17.207	12
Brevard Workforce Development Board	4121	17.258	5
Brevard Workforce Development Board	148-2002	17.260	38
FL Institute for Workforce Innovation	FL INST FOR WORKFORC	17.999	1
Florida Space Research Institute	PRIME AF-14536-05-60	17.261	2
Gulf Coast Workforce Development Board	04-02-WT	17.207	24
Gulf Coast Workforce Development Board	04-02-WT	17.225	23
Gulf Coast Workforce Development Board	04-02-GC	17.258	558
Gulf Coast Workforce Development Board	04-22-GC	17.259	127
Gulf Coast Workforce Development Board	04-42-GC	17.260	170
Gulf Coast Workforce Development Board	2005-PRA	17.261	2
Heartland Workforce Investment Board Inc.	N/A	17.259	187

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Labor (Continued)			
South Florida Emp. & Training Consortium	WIA-SI-PY03-06-02	17.258	\$ 2
Workforce Alliance, Inc.	WDB04-1280/ WDB04-1281	17.260	251
Workforce Development Brd of Flagler & Volusia Co	N/A	17.258	114
Workforce Development Brd of Flagler & Volusia Co	N/A	17.259	3
Workforce Development Brd of Flagler & Volusia Co	N/A	17.260	68
Workforce Florida, Inc.	91590	17.258	75
Workforce Florida, Inc.	91590	17.260	20
Workforce One	2003-04 CR-WIA WTP-2610-IBT/OJT	17.258	212
Workforce One	2003-04 CR-WIA WTP-2610-IBT/OJT	17.260	64
Workforce One	AH-12469-02-60	17.261	30
Worknet Pinellas	N/A	17.207	27
Worknet Pinellas	N/A	17.225	148
Worknet Pinellas	N/A	17.258	147
Worknet Pinellas	N/A	17.259	35
Worknet Pinellas	N/A	17.260	515
Worknet Pinellas	N/A	17.261	14
Worksource	212430,212530	17.259	<u>38</u>
Total – U. S. Department of Labor			<u>\$ 4,544</u>
U. S. Department of State			
American University of Beirut	SECAPE02GR130	19.419	10
City of Miami	MOU	19.999	139
Institute of International Education	70225597, 70225598	19.418	80
NAFSA	S-ECAAS-03-CA-168(DD)	19.430	2
United Methodist Committee on Relief	N/A	19.424	3
Washington State University	WSU G001321	19.999	<u>38</u>
Total – U. S. Department of State			<u>\$ 272</u>
U. S. Department of Transportation			
BMI-SG	N/A	20.205	27
California Department of Transportation	65A019-021505-1	20.514	23
Capital Area MPO - Raleigh NC	PO 0047732	20.205	1
City of Key West	PO 045970	20.514	34
City of St Petersburg Florida	N/A	20.205	1
CTR for Transportation and the Environment	N/A	20.205	16
Dye Management Group, Inc.	230603-14.40	20.218	4
Hennepin Co MN Community Works	A020089	20.512	68
Hillsborough Area Region Transit Authority	PO No. 90928	20.205	19
ICF Consulting	23BL00143	20.205	7
ICF Inc	95687-T-001	20.900	1
Kittelson & Associates	Project 4017.00	20.512	1
Louis Berger Group Inc.	N/A	20.205	4
Miami Metro Planning Organization	N/A	20.205	108
Miami-Dade Transit Authority	WO 2003-5/ WO 2004-2/ WO 2005-3	20.205	113
Miami-Dade Transit Authority	2005-2/ N/A/ WO 2004-1/ WO 2004-3/ WO 2004-4	20.507	494
Miami-Dade Transit Authority	2004-5	20.512	53
Miami-Dade Transit Authority	2004-6/ 2004-7	20.514	28
National Academy of Sciences	N/A	20.205	1
Oregon State University	J0816A-C	20.515	70
Palm Beach County Transportation Authority	R2002 1598	20.505	9
Parsons Brinckerhoff Quade & Douglas	41106713201	20.205	12
The National Academies	HR 20-65(002)	20.215	67
Transportation Research Board	N/A	20.205	9
Transportation Research Board	TCRP-J6(47)	20.505	8
Tuskegee University	30 21530 044 62112	20.109	11
University of Tennessee	99-USF-RS2	20.502	1
University of Tennessee	02-USF-R-S1/ UNIV OF TENN UF-99-E	20.701	26
University of Wyoming	NTACDSC444401SUB	20.999	6
Urbitran Associates, Inc.	DOT-5423-099	20.205	<u>11</u>
Total – U. S. Department of Transportation			<u>\$ 1,233</u>

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
National Aeronautics and Space Administration			
All Points Logistics, Inc.	APL00026/ APL00069	43.002	\$ 27
American College of Sports Medicine	N/A	43.999	3
Applicote Associates	N/A	43.001	4
ASRC Aerospace Corporation	KS20560/ N/A/ UCFFY04/LINE11/ UCFFY04/LINES9_10	43.002	519
ASRC Aerospace Corporation	ASRC AEROSPACE CORPO/ KS21486	43.999	19
Baylor College of Medicine	MA00211	43.999	131
Boeing Company	3K02107/ S37000017	43.001	65
California Institute of Technology	1259297/ CA INST OF TECH 1240	43.001	63
California Institute of Technology	1205632/ 1229336/ CAL INST OF TECH 125/ CIT 1263514/ CIT 1264091/ CIT 1264148/ CIT 1264530/ CONTRACT 1258970	43.999	265
Chandra X-ray Center	CHANDRA X-RAY CENTER	43.999	1
Constellation Technology Corporation	01-0818	43.002	42
Dartmouth College	DARTMOUTH COLLEGE 5-	43.001	8
Dynamic Corporation	KSC011419	43.002	21
Dynamic Corporation	KSC0511063/ TSA KSC047793	43.999	56
EIC Laboratories, Inc.	EIC LABORATORIES 48	43.999	21
Electrodynamics Association	C00051	43.001	5
Florida Space Grant Consortium	N/A/ P.O. B04765/ UCF01-0000029716	43.002	18
George Mason University	600168	43.002	3
Georgia Institute of Technology	AMEND 8 SUBC N20-633-S3/ E-16-V14-G2	43.001	311
Institute for Technical Device, Inc.	ITD/SPECTRAL VISIONS/ N/A	43.999	36
Jet Propulsion Laboratory	1208965	43.001	2
Jet Propulsion Laboratory	1232208/ 1247709/ 961434	43.999	89
Lockheed Martin Corporation	SL01Q2801R	43.001	14
Lockheed Martin Corporation	LOCKHEED MART A42247	43.999	104
Michigan State University	MICHIGAN STATE UNIV	43.999	20
Micro Sensor, Inc.	NNK04OA28C	43.002	44
Middle Tennessee State University	MIDDLE TENN STATE UN	43.999	1
Ohio Aerospace Institute	400301	43.999	32
Oregon State University	NS033AA	43.001	60
Oregon State University	NS033A-05	43.002	306
Plasma Processes, Inc.	N/A	43.001	21
Purdue University	521-0077-03	43.999	105
Rini Technologies, Inc.	N/A	43.002	41
Roffers Ocean Fishing Forecasting Service	CHECK 8750	43.002	30
Society of Hispanic	CHECK. NO. 1164	43.001	4
Space Gateway Support	Y03282	43.001	3
Space Telescope Science Institute	HST-GO-09871.02-A/ HST-GO-09873.01A/ STSI HST-AR-09927 01/ STSI HST-AR-09948 01/ STSI HST-GO-09423.04/ STSI HST-GO-09719 01	43.999	90
UCF/FSGC	1629222	43.001	1
United Space Alliance	6000072240	43.999	13
University of Alabama	N/A	43.001	9
University of Colorado	UCB 154-0920	43.002	33
University of Georgia	RC7100174183377	43.999	24
University of Maryland	Z690901	43.999	59
University of Miami	NAG91346	43.001	59
University of Miami	UNIV OF MIAMI	43.999	15
University of New Hampshire	NASA 05-593 UNH	43.002	18
University of Texas	NNG04GI42G PA-FL-3 (3373 Award N	43.001	77
University of Washington	UNIV OF WASHINGTON 7	43.999	35
Woods Hole Research	WOODS HOLE RESEARCH	43.999	6
Total – National Aeronautics and Space Administration			<u>\$ 2,933</u>
National Foundation on the Arts and the Humanities			
Florida Humanities Council	0502-2792-1622/ 0503-2963-1725/ 050430561769/ 1104-3103-1793	45.129	34
Florida Humanities Council	BH-50011-04	45.999	10
New England Foundation	N/A	45.999	11
Total - National Foundation on the Arts and the Humanities			<u>\$ 55</u>

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
National Science Foundation			
American Educational Research	N/A	47.999	\$ 13
American Statistical Association	N/A	47.999	7
Arizona State University	ARIZONA SC 19103M003	47.074	78
Arkansas State University	ALLEN 5-20320	47.041	8
Association for Institutional Research	03-212/ N/A	47.075	28
Association of Universities for Res. in Astronomy	AURA C10242A	47.049	16
Association of Universities for Res. In Astronomy	AURA C10337A/ AURA C10463A	47.999	1,174
Auburn University	05-ENG-420981-UF	47.070	15
Big Horn Valve Inc.	NSF0101	47.041	57
Broadley - James Corporation	BROADLEY-JAMES CORP	47.999	13
California Institute of Technology	42B-1072368/ CA INST TECH 1001933	47.049	111
Clemson University	805-7558-206-2004160	47.076	34
Coastal Carolina University	NA97RG0431	47.050	4
Columbia University	3	47.049	18
Cornell University	44276-7388	47.041	63
Cosci Technologies, Inc.	N/A	47.049	9
Duke University	4520417096	47.999	9
Duke University Medical Center	01-SC-NSF-1018	47.070	27
Embry-Riddle Aeronautics	SC1222611201	47.049	12
Emtel	N/A	47.041	12
Faraday Technology, Inc.	PO 3060	47.049	10
Florida Institute of Technology	P0032918	47.050	29
Florida Institute of Technology	N/A/ P0032643	47.076	9
Fort Valley State University	N/A	47.999	4
Fort Valley State University (FVSU)	N/A	47.050	4
Georgia Institute of Technology	GEORGIA INST OF E-19	47.075	2
Harvard University	133119-01	47.050	19
Institute for Genomic Research	TIGR-04-012	47.074	40
International START Secretariat	N/A	47.999	10
Iowa State University	420-60-83	47.041	21
Joint Oceanographic Institutions	T.O. NUMBER: T306A19/ T306A33	47.050	17
Joint Oceanographic Institutions	JSG-CY 18-5	47.078	3
Kansas State University	S03027	47.041	2
Kirkwood Community College	DUE-0101507	47.076	5
Lehigh University	DEB-0210972	47.074	66
Marquette University	23	47.070	7
Massachusetts General Hospital	MASSACHUSETTS GENERA	47.049	1
Materials Modifications	081502-1	47.041	23
Mississippi State University	02-04-0301	47.049	58
Mississippi State University	02121062-02	47.076	8
Mississippi State University	038400 362411-01	47.079	8
MPI Software Technology	MRI SOFTWARE TECHNOL	47.070	2
Nanopharma Technologies, Inc.	N/A	47.041	44
National Academy of Sciences	INT-0002341	47.041	6
National Center for Atmospheric Research	S00 - 19986	47.050	3
Neurodimension	NEURODIMENSION	47.041	91
New York University	19103M00381/ F5140-01/ NYU F5140-02	47.049	283
New York University	F 5865-01	47.070	7
Northeastern University	531940P305070, MOD#1	47.049	15
Northern Arizona University	BI0325M-01	47.074	2
Northern Illinois University	54538	47.075	12
Northwestern University	0830 350 K224 488	47.070	37
Ohio State University	UT-11332	47.049	23
Ohio State University Research Foundation	OSURF 743168/RF00979	47.049	3
Ohio State University Research Foundation	744110	47.076	42
Pennsylvania State University	PENN STATE UNIV	47.049	90
Pennsylvania State University	PSU 2170-UF-NSF-5684	47.074	879
Princeton University	195-6423-5	47.050	44
Purdue University	500-3736-1/ 501-0791-03	47.041	226
Purdue University	NSF PDUNIV 501082261	47.074	295
Rensselaer Polytechnic Institute	DMR-0231291	47.999	180
Salisbury University	528071NCF	47.076	15
San Diego State University	E0003188	47.078	16
San Jose State University	N/A	47.076	22
Society for American Archaeology	0088692	47.076	3

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
National Science Foundation (Continued)			
Sorbent Technologies	SORBENT TECHNOLOGY	47.041	\$ 11
State University of New York Research Foundation	SUNY 02-29	47.999	4
State University of New York- Stony Brook	SUNY 1033138-3-29040	47.050	31
Tennessee State University	N/A	47.999	2
Texas A&M Research Foundation	177-F000700/ 206-F001790/ 207-F001771/ F001269/ F001410/ F001856-LEG 207/ F001857 - LEG 210/ F001858 - LEG 210/ FOO1151- LEG 199/ USSSP-280-T0001573	47.050	61
Texas A&M Research Foundation	S040003	47.074	4
Texas A&M Research Foundation	198-F001386	47.999	28
Tuskegee University	34-21530-038-62112	47.076	11
Twin Cities Public Television	N/A	47.076	1
U. S. Civilian Research & Development	RC2-2344-MO-02/ RE2-2404-ST-02	47.999	18
University Corporation for Atmospheric Research	N/A	47.050	3
University of Akron	SUBK DATED MAY 12, 2003	47.074	5
University of Arkansas	SA0408119	47.041	47
University of California - Berkeley	SA3702-22383PG/P. O.	47.076	10
University of California - Irvine	2005-1529	47.074	3
University of California - Los Angeles	1000GFC844	47.049	90
University of California - San Diego	10225990	47.050	157
University of Chicago	5631.UNIVFL.01	47.999	29
University of Connecticut	4822	47.070	66
University of Connecticut	4583	47.074	34
University of Idaho	FBK492-04-A	47.999	43
University of Iowa	PO#4000087323	47.049	54
University of Kansas	FY2002-022	47.076	34
University of Kentucky - Research Foundation	4-67262-04-183	47.074	74
University of Maine	UM-S513	47.078	1
University of Miami	66059H	47.050	3
University of Michigan	F010835/ F012351	47.041	14
University of Minnesota	X4416249301	47.074	63
University of Missouri	001044-01	47.049	24
University of Nebraska	415421	47.049	30
University of Nebraska	NSF 25-1215-0001-005	47.074	389
University of North Carolina	UNC 020135-1	47.074	1
University of North Carolina Chapel Hill	5-59052	47.999	36
University of Notre Dame	46230	47.074	8
University of Southern California	068834	47.076	287
University of Tennessee	R073223144	47.074	6
University of Vermont	HA66/17699	47.074	8
University of Virginia	GA10163-112933	47.070	151
URS Group Inc.	NCA-03-313	47.999	7
Virginia Polytechnic Institute	CR-19300-477268	47.041	78
Virginia Polytechnic Institute	CR-19300-477047	47.999	21
Wisconsin Center for Educational Research	PRIME: 0107032;SUB WCER 406f560	47.076	5
Zyberwear, Inc.	N/A	47.041	15
Total – National Science Foundation			<u>\$ 6,361</u>
U. S. Environmental Protection Agency			
AWWA Research Foundation	AWWA RESEARCH FDTN #	66.500	107
Carnegie Mellon University	1080004-109014	66.500	16
Consortium for Plant Biotechnology Resources, Inc.	EPA82947901-128	66.500	17
Ecology and Environment Inc	ECO/ENVIRO INC 1199.	66.999	17
Emory University	5-26570-G-1	66.433	21
Fresh Ministries Inc	PS-83161901	66.306	12
Gulf Coast Hazardous Substance Research Center	032UCF3786	66.801	4
Gulf of Mexico Foundation	3003	66.475	15
Science Applications International Corporation	4400105430	66.500	6
Seminole County Florida	N/A	66.500	8
Soil and Water Conservation Commission	SGA 104	66.480	6
Southwest Florida Regional Planning Council	N/A	66.456	10
St. Johns River Water Management District	SI415RA	66.999	1
Tampa Bay Estuary Program	PO 6232/ PO 6324/ T-99-01	66.456	86

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Environmental Protection Agency (Continued)			
Texas Engineering Experiment Station	R-83023601-0	66.475	\$ 102
University of California	KK2125	66.500	28
University of Georgia	EPA DW-12-94591901-0/ RE353-131/2002487	66.999	18
University of Maryland	Z940402	66.001	28
University of Mississippi	USM-GR01081-A10	66.607	66
University of New Orleans	99-0335-S3-A1	66.500	16
University of Southern Mississippi	GR01079-C10	66.500	395
University of Southern Mississippi	USM-GR01079-E10	66.999	191
University of Washington	928200	66.509	8
Water Environment Federation	WATER ENVIRONMENT FE	66.999	14
Water Environment Research Foundation	00-PUM-2T	66.500	123
Total – U. S. Environmental Protection Agency			<u>\$ 1,315</u>
U. S. Department of Energy			
	N/A	81.999	8
Aerodyne Research, Inc.	ARI-10305-1	81.999	11
Battelle	4000024004	81.049	162
Battelle	404330AN4/406028AA5	81.087	1
Battelle	411444AU7	81.116	31
Battelle	4000020512/ IPPD/BATTELLE	81.999	93
Battelle Pacific Northwest Division	401330AN4/ENERGY2004/ 404330ANA/11136	81.087	112
Battelle Pacific Northwest Division	14533/ 15403	81.999	93
Bechtel BWXT Idaho, LLC	00029087	81.087	61
Bechtel BWXT Idaho, LLC	00024250/ 00024953	81.999	143
Bechtel National, Inc.	00005128	81.114	1
Benemann Associates	US DEPT OF ENERGY	81.999	31
Black Laboratories L.L.C.	N/A	81.999	24
BP Solar International LLC	ZDO-2-30628-03-USF	81.087	37
BWX Technologies	43000028417	81.999	90
CDH Energy Corporation	N/A	81.087	104
Ceramatec, Inc	CERAMATEC	81.999	29
Clemson University	0201SR103	81.087	51
Combustion Research & Flow Technology, Inc.	04-C-3452.002/C225	81.999	41
Consortium for Plant Biotech Research	GO12026-191/ GO12026-198	81.087	170
Consortium for Plant Biotech Research	G012026-161	81.999	7
FERMI National Accelerator Laboratory	511695/ 554581/ FERMILAB 510716/	81.049	1,229
	FERMILAB 512191		
FERMI National Accelerator Laboratory	FERMILAB 557158	81.999	35
Florida Solar Energy Research	N/A	81.041	5
Framatome Technologies, Inc.	135869	81.999	11
Georgia Institute of Technology	E-256PO-SI	81.087	140
Howard University	DE-FC-02-02-EW15254	81.049	44
Howard University	633254-H010005/ 633254-H192518	81.999	86
Illinois Institute of Technology	IIT SA195-0700	81.057	88
Institute of Paper Science and Technology	4315-1	81.999	9
Knolls Atomic Power	PL00110865SJ	81.087	36
Lockheed Idaho Technologies	00000071, REL 00001	81.999	5
Los Alamos National Laboratory	15890-001-05	81.064	83
Los Alamos National Laboratory	88000-01-044V/ 89857-001-04 3S	81.999	48
Louisiana State University	R141344	81.049	154
Metabolix, Inc.	N/A	81.086	8
MicroMaterials, Inc.	N/A	81.036	8
Midwest Research Institute	XAT-4-33624-15	81.049	57
Midwest Research Institute	NREL ADJ-2-30630-13	81.999	248
National Association of State Energy Officials	N/A	81.087	61
National Renewable Energy Laboratory	ACQ-9-29639-03/ NAT-1-30620-08/	81.087	597
	NDJ-2-30630-18/ NDO33345701/		
	XXL54420508/ ZDJ33360002		
North Carolina A & T State University	448661A	81.999	7
North Carolina State University	2002-1391-06	81.114	17
Nuonics, Inc.	N/A	81.087	21
Oakridge National Laboratory	4000016675	81.087	172

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Energy (Continued)			
Pennsylvania State University	2678-UF-DOE-1874/ PENNSYLVANIA STATE U	81.089	\$ 45
Rutgers University	RUTGERS STATE UNIV 4	81.999	3
RWE Schott Solar	PO 50799/02NREL	81.087	21
Sandia National Laboratories	N/A	81.049	1
Sandia National Laboratories	112620/A0346/ 255127/ 7038/ AV5590/ Doc: 95241/ LH-1453	81.087	216
Sandia National Laboratories	209675/ 22265/ 264973/ 307251/ 321282/ 341195/ 341342/ 39595/ 80395/ N/A/ SANDIA NAT LAB 55566/ SANDIA NATL LABS 233	81.999	334
Solar Rating and Certificate Corporation	N/A	81.087	118
Sporian Microsystem	200303	81.087	65
Supercon Inc.	S-19975	81.999	2
University of Alabama	03-047/ 04-055	81.049	234
University of Alabama	04-050	81.104	103
University of California	12351-001-05 4H/ 93115-001-04 8C/ 98497-001-04 89/ CAL 68920-001-039F	81.999	136
University of California - Livermore Lab	B541342/ B548916	81.999	22
University of Chicago	4B-00161/ UNIV OF CH 4B-00202/ UNIV OF CH 4B-00241	81.999	58
University of Illinois	20030532804/ 2003-07192-1-00	81.087	86
University of Mississippi	05-10-033	81.089	18
University of Missouri	C00003523-1	81.114	21
University of Nebraska	26-6223-724006/US	81.999	138
University of Nevada Desert Research	N/A	81.065	26
University of Washington	580049	81.049	13
UT-Battelle, LLC	4000010069	81.087	4
UT-Battelle, LLC	4000003061	81.104	50
UT-Battelle, LLC	4000006057/ 4000034840/ 4000040123	81.999	17
Westinghouse Savannah Riv Co Safety Management	AC39282N	81.999	25
Total – U. S. Department of Energy			<u>\$ 6,225</u>
U. S. Department of Education			
American Institutes for Research	01595-USF121-B/ GV1-00-01595	84.332	215
American Psychological Association	N/A	84.999	45
Association for Institutional Research	04-473/ N/A	84.999	88
Bay County Public Schools	N/A	84.303	191
Broward County District School Board	N/A	84.243	90
Center for Civic Education	CC 04-05	84.999	29
Clemson University	733-7558-210-2093861	84.116	13
Columbia County	US DEPT OF EDUCA/COL	84.215	93
Concurrent Technologies Corp.	31000211	84.116	160
Daemen College	P116J040052	84.116	9
District School Board of Union	040949	84.318	14
DTI Associates Inc.	N/A	84.305	58
Duval County Public Schools	P334A020187	84.334	31
Educational Testing Service	S283A50007-USF	84.283	103
Escarosa Regional Workforce Development	FP-04-02	84.002	2
FI Association for Career and Technical Education	194-1525A-5PL03	84.048	51
Flagler County Schools	180-1515A-5CR01	84.048	39
Florida Campus Compact	A10827	84.116	4
Georgetown University	GU RX4285-842-UFL	84.999	56
Great Cities University	UWM-2/FIE	84.999	1
Hampshire College	P116B020007	84.116	11
Hillsborough County District School Board	290-1914A-4CG06	84.002	105
Hillsborough County District School Board	U350A040011	84.350	1
Innovation in the Community College Consortium	V051B0200001	84.051	117
Iowa State University	ISU 432-27-10	84.116	31
Japan Foundation	N/A	84.015	6
Jefferson County School Board	U351D030179	84.999	222
Junior Engineering T	N/A	84.999	20
Lake County District School Board	N/A	84.243	10
Learning Point Associates	LPA 050080	84.999	43

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Education (Continued)			
Lee County District School Board	N/A	84.165	\$ 28
Lee County District School Board	N/A	84.184	3
Lehigh University	LEHIGH UNIV 540091	84.324	42
Miami-Dade County Public Schools	R02034953	84.002	4
National Board for Prof. Teach	N/A	84.999	70
National Writing Project Corporation	05FL09	84.302	2
National Writing Project Corporation	99-FL05	84.369	78
National Writing Project Corporation	04-FL08/ N/A	84.928	78
Nicholls State University	N/A	84.116	11
Nova Southeastern University	03-CY-2P-11-16-05001	84.186	4
Nova Southeastern University	N/A	84.361	27
Okaloosa County School District	460-2983B-5CD02	84.282	14
Orange County Public Schools	480-2245A-5CT01	84.367	6
Oregon Health and Sciences University	GCDRC0139A B	84.133	4
Panhandle Area Education	7439009	84.215	25
Pasco County School Board	N/A	84.276	1
Polaris Joint Vocational School District	Y5-MD0203	84.303	27
Polk County District School Board	N/A	84.282	150
Public Broadcasting Service	N/A/ P295A00002	84.295	57
Putnam County School Board	750-05-004-7605	84.027	18
Renaissance Learning Center	500-2983B-4C010	84.282	1
RMC Research Corporation	N/A	84.999	1,500
Saint Thomas University	N/A	84.031	260
San Diego State University Foundation	SDSU 52244B P1185/ SDSU 52244D P1185	84.116	11
School Board of Broward County, Florida	AGREEMENT	84.010	5
School District of Palm Beach County	SUPPLEMENT SVCS	84.010	9
Serve, Inc.	SINCST04022/ SINCST03018	84.302	24
Southeastern Region Vision for Education	SINC-AS-02-009	84.144	1
Stevens Institute of Technology	527226-04	84.342	24
Tufts Health Care Ins.	TUFTS HEALTH CARE IN	84.999	2
University of Arizona	PO Y413737	84.116	2
University of California - Davis	K012843-01	84.116	1
University of California - San Diego	P.O. 10217765/ PO 10242925	84.305	54
University of Colorado	PO 45235	84.325	13
University of Hawaii	S-LMA QM 03-H-0121/ S-LMAQM-03-H-0121/PO	84.116	103
University of Missouri	C000005833	84.327	23
University of North Carolina - Wilmington	SUB AWARD 550341-02-FAU	84.116	1
University of North Carolina Greensboro	SRV04FXM-1506	84.999	10
University of Oregon	222841A/ SUBGRANT 221891D/ UNIV OF OREGON 22284	84.326	148
University of Oregon	243261A	84.333	5
University of Tennessee	H324A0100003-02	84.324	40
University of Washington	807511/ 963270/ H325G02003	84.325	125
University of North Carolina	554301	84.305	22
Virginia Polytechnic Institute	VA POLYTECHNIC INS -	84.116	43
Volusia County District School Board	640-1574A-4CT01	84.243	12
Washington County School District	42384	84.027	6
Western Consortium for Public Health	RRTCILM-6/ WESTERN CONSORT FOR	84.999	34
Total – U. S. Department of Education			<u>\$ 4,986</u>
U. S. Department of Health and Human Services			
000 Source Agency Conversion Customer	8P0CA76292B	93.397	2
ABT Association, Inc.	12659	93.999	100
Advocates for Human Potential	N/A	93.959	15
Agency for Community Treatment Services	N/A	93.243	58
Alachua/Bradford Regional Workforce Board	L-A-01-03,L-YOUTH-01-03, L-COMP-01-04,L-COMP-03-04	93.558	2,128
Alisos Institute	N/A	93.150	5
All Children's Hospital	ACH PCRC PDA 3000	93.110	2
All Children's Research Institute	6 R60 MC 0003 01 R1/ ACH PCRC PGP 4001	93.110	125
Alliance for Aging	N/A	93.052	60
Alpha One Foundation	ALPHA ONE FOUNDATION	93.838	17

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
Ambulatory Pediatric Association	N/A	93.999	\$ 4
American College of OBGYN	27469-96	93.395	183
American College of Radiology	U10 CA21661	93.395	97
American College of Radiology	ACR RTOG 0211/ ACR RTOG 91-15/ ACR RTOG PA-0020/ BR-0118/ N/A	93.999	37
American Health Assistance Foundation	P01 CA68384	93.393	5
American Institutes for Research	SC-03-1210050-13	93.230	3
American Institutes for Research	SG-03-1830.001-02	93.865	65
American International Health Alliance	UCAREG04PUMEINIT	93.189	43
American Psychiatric Association	AM PSYCHIATRIC ASSOC	93.282	2
Ames Laboratory	A3-1195	93.999	17
Area Agency On Aging	812082/ A003-19/M003-19/ AGREEM 1A 005-19	93.052	36
Arizona State University	03-069/P.O.-SC19103M	93.242	54
Assoc. of State & Territorial Health Officials	N/A	93.999	45
Association Med Ed Res In Substance Abuse	N/A	93.999	3
Association of American Medical Colleges	MM-0592-03/03/ MM-0842-05/05/ U36/CCU319276	93.283	75
Association of Schools of Public Health	T3286-22/22	93.004	5
Association of Schools of Public Health	A1014-21/22/ D3293-23/23/ S1676-21/23/ S1825-21/23/ S3026-23/23/ T3285-22/22/ U90/CCU424263	93.283	1,342
Association of Teachers of Preventive Medicine	ASSN TEACHERS PREV M/ TS-0308/ TS-0405-16/17/ TS-0723/ TS-0823/ TS-1339/	93.283	542
AXIO LLC	AXIO 500-19	93.999	12
Baylor College of Medicine	4600463774	93.848	114
Baylor University	BAYLOR UNIVERSITY	93.389	174
Baylor University	BAYLOR U 4600596124/ BAYLOR UNIV 46005057	93.849	130
Beth Israel Medical Center	1 R01 CA100029-01	93.399	41
Big Bend Community Based Care	N/A	93.556	54
Biocatalytics Inc	N/A	93.999	30
Boston University	R25CA91958	93.398	13
Brigham Women's Hospital	R01 HL075478	93.838	76
Broward County Board of City Commissioners	04-HIP-8506-1	93.151	59
Broward County Board of County Commissioners	05SAHC8346RW	93.914	4,682
Brown County Human Services Department	N/A	93.658	25
Camillus House, Inc.	579924600/ N/A	93.243	100
Case Western Reserve University	5 R01 HL-63042-04	93.839	10
Central State University	FCVP0209142	93.671	120
Central State University	N/A	93.910	47
Children's Board of Hillsborough County	001-569-8769-1-03/ N/A	93.104	91
Children's Board of Hillsborough County	001-569-8769-1-04	93.958	21
Children's Home Society	N/A	93.652	24
Children's Hospital - Philadelphia	CHILDREN'S HOSP 481-20613-03-02	93.838	34
Children's Hospital - Philadelphia	20613-03-02	93.394	22
Children's Hospital - New Orleans	CHILDREN'S HOSPITAL	93.172	9
Children's Hospital of Pittsburgh	5 U01 HD42444-04	93.865	227
Children's Research	16880106	93.894	106
Children's Research Institute	1688-01-07	93.853	58
Children's Services Council	04-446	93.926	459
Children's Services Council - Broward County	05-4105	93.243	229
Children's Services Council - Broward County	N/A	93.648	5
Children's Services Council - Broward County	U19MC03180-01-00	93.958	47
Children's Services Council - Palm Beach County	04-467	93.926	54
Chiles (Lawton) Foundation	N/A	93.999	77
Cohen & Associates	ACDC-S-01	93.999	30
Collagen Matrix	R01HD41747	93.865	8
Columbia University	COLUMBIA UNIV 540353/ COLUMBIA UNIVERSITY	93.172	1,115
Columbia University	COLUMBIA UNIVERSITY	93.837	1
Columbia University	COLUMBIA UNIVERSITY	93.865	101
Cornell University	CORNELL UNIVERSITY	93.279	21
Cornell University	CORNELL 42148-7437	93.856	16

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
Council of Graduate Schools	N/A	93.999	\$ 6
Creative Micro Tech	N/A	93.286	29
Creative Micro Tech	N/A	93.856	9
Cyclotec Advanced Medical Technology	1 R41 DA016547-01 NIH	93.279	2
Directions for Mental Health	5U79SM54314	93.243	25
Directions for Mental Health	90LO0068/01	93.577	20
Doctors Memorial Hospital	DOCTORS MEMORIAL HOS	93.226	30
Duke University	DUKE UNIV SPS# 11895/ DUKE UNIV SPS#124646/ SPS #130071	93.856	688
Duke University	DUKE UNIV DS799/303-/ DUKE UNIV SPS#101834/ N/A	93.999	72
Duke University Clinical Research Institute	DUKE UNIV SITE #302	93.999	64
Duke University Health System, Inc	N/A	93.230	12
Duke University Medical Center	05-SC-NIH-1054	93.273	2
Duke University Medical Center	1 R01 EY15559-01	93.867	48
Early Learning Coalition of Pinellas County	SR04-24	93.577	9
East Carolina University	EAST CAROL UNIV/CTRS	93.283	78
Eastern Cooperative Oncology Group	N/A	93.999	5
Eastern Virginia Medical School	N/A	93.865	102
Emory University	EMORY UNIVERSITY	93.853	10
Emory University	N/A	93.859	38
Emory University	N/A	93.865	26
Emory University	N/A	93.999	15
Everglades Area Health Education Center	02-331/ 03-261/ 03-277/ EAHEC/ N/A	93.107	8
Everglades Area Health Education Center	02-281/ 02-282/ N/A	93.187	20
First Coast Counseling and Educational Center	U79-SPO9874-01	93.230	16
First Step of Sarasota, Inc.	N/A	93.243	23
Florida Alzheimer's Center & Research	2004A10302	93.999	108
Florida Development Disabilities Council, Inc.	574CD04B/ FDDC 505EM03/ FDDC 516-CD-03A/ FDDC 519HC03A/ FDDC 537HC04A/ FDDC 543EM04A/ FDDC 547HC03C/ FDDC 560HC04B/ FL DEV	93.630	480
Florida Developmental Disabilities	530CD06B	93.630	20
Florida Institute for Family Involvement	N/A	93.230	1
Florida Medical Quality Assura	N/A	93.999	73
George Washington University	GEORGE WASHINGTON UN	93.837	1
George Washington University	GEORGE WASH UNIV 03-/ GEORGE WASH. 04-E06/ GEORGE WASHINGTON 03/ GWU T2K0405/ GWU T2K0506	93.847	424
Georgetown University Medical Center	RX 4285-872-USF	93.243	25
Greater Flint Health Coalition	U19MC03180-01-00	93.926	46
Gulf Coast Workforce Development Board	04-02-WT	93.558	191
H. Lee Moffitt Cancer Center	2004-02	93.389	3
H. Lee Moffitt Cancer Center	2004-001	93.847	5
Hemophilia of Georgia	U27/CCU413118-09	93.153	21
Hemophilia of Georgia	5 H30 MC00011-15/ 5H76HA00088-12/ U27/CCU413118-07	93.914	169
Hillsborough County Board of County Commissioners	N/A	93.124	61
Hillsborough County Board of County Commissioners	RW105	93.910	89
Hillsborough County Board of County Commissioners	2 H89 HA00024-12	93.914	592
Hippy USA	SR935	93.658	818
Hospice Institute of FL Suncoast	N/A	93.048	6
Hospital Administration of America	N/A	93.558	505
Hospital For Joint Diseases	UF 3623-02	93.999	72
Indiana University	INDIANA UNIVERSITY	93.838	9
Innovia, LLC	N/A	93.364	37
Iowa State University	ISU 430-46-03	93.848	77
Ixion Biotechnology, Inc.	IXION BIOTECHNOLOGY	93.847	43
Ixion Biotechnology, Inc.	N/A	93.999	36
Jackson Memorial Hospital	N/A	93.243	92
John Wayne Cancer Institute	NRCA12582	93.395	33
Johns Hopkins University	290-01-0012	93.226	45
Johns Hopkins University	R01 DA/AA11156	93.279	3
Johns Hopkins University	JHU 8410-69542-X/ JOHNS HOPKINS	93.838	541
Johns Hopkins University	8403-23589-X	93.848	17

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
Johns Hopkins University	AG020688	93.866	\$ 27
Johns Hopkins University	7823;96248;14268	93.867	130
Joint Commission on Accreditation	N/A	93.226	12
Keele University	N/A	93.999	120
Kids Central, Inc.	KIDS CENTRAL INC PJ3/ Kids Central PJ304	93.556	297
Lee County District School Board	N/A	93.600	16
Leon/Gadsden School Readiness Coalition	LG 10054/ N/A	93.575	146
Leon/Gadsden School Readiness Coalition	N/A	93.577	18
Life Sciences Inc	N/A	93.999	61
Lifquest Organ Recovery Service	LIFEQUEST ORGAN RECO	93.134	140
MACRO International	35126-3S-545	93.104	117
MACRO International	35049-0S-275/ 35064-0S-336	93.125	395
MACRO International	35126-4S-626	93.243	7
MACRO International	35014-2S-456	93.958	4
Manila Consulting Group, Inc.	N/A	93.243	29
Manila Consulting Group, Inc.	277-04-6099	93.999	8
Massachusetts General Hospital	MASS. GEN. HOSP/ MASSACHUSETTS GENERA	93.859	618
Massachusetts General Hospital	N/A	93.999	5
Mayo Clinic	N/A	93.999	46
Mayo Foundation For Med Education And Research	N/A	93.999	1
Medical College of Georgia	03-8692A2/ MEDICAL COLLEGE OF G	93.847	85
Medical College of Georgia	05-10659A/ N/A	93.865	61
Medical College of Virginia	520283/PO P617277/ MCV 524348/PO 955293	93.853	160
Medical University of South Carolina	MM-0266-0303	93.283	50
Metabolic Solutions	N/A	93.999	123
Miami Dade County	N/A	93.574	70
Miami-Dade County Board of County Commissioners	5 H89 HA 00005-10	93.914	780
Minority Health Professions Foundation	U50/ATU473408-01/ U50/ATU473408-02/ U50-ATU398948-09/ U50-ATU473408-01	93.283	83
Montefiore Medical Center	MONTEFIORE MEDICAL C	93.113	28
Mount Sinai Medical Center - New York	NS33772-06	93.853	16
Nanopharma Technologies, Inc.	N/A	93.856	36
Nanotherapeutics	N/A	93.999	1
National Childhood Cancer Foundation	NAT. CHILDHOOD CANCE/ NCCF 11459/12784/ NCCF 13850	93.395	2,082
National Childhood Cancer Foundation	NCCF 13252	93.399	29
National Childhood Cancer Foundation	NCCF 11165/ NCCF 12793/ NCCF 98543-1095	93.999	108
National Children's Center	1 U50	93.262	10
National Collegiate Athletic Association	80-8101	93.570	49
National Development & Research Inst	U01 DAO16201	93.279	52
National Opinion Research Center	6084.01	93.206	18
National Youth Support	NYSPP041030	93.570	44
New York University	P010459/P022295/F378	93.866	90
North Broward Hospital District	2H76HA00210-07-00	93.918	147
North Dakota State University	46791	93.859	101
Northeast Florida Healthy Start Coalition Inc	1-H79-SP10223-01	93.230	37
Northeast Florida Healthy Start Coalition Inc	H49MC00051-03	93.926	67
Northern Illinois University	NORTHERN ILLINOIS UN	93.242	126
Northside Mental Health Center	001-569-8712-1-03	93.104	4
Nova Southeastern University	2 D39 HP00029-11/ 3-31319/ 5D39 HP00029-12/ NOVA SOUTHEASTERN UN	93.189	316
Nova Southeastern University	NOVA S EASTRN UNIV 3	93.837	13
Orange County Board of County Commissioners	2 H89 HA00030-12	93.914	513
Orange County Government	Y3-1028D/ Y3-124E/ Y3-124K/Y3-1028H	93.914	107
Orange County Health	OA710	93.006	125
Oregon Health and Sciences University	GPHPM0052A B	93.242	14
Oregon Social Learning Center	3 P30 MH46690-13S1	93.242	62
Ounce of Prevention Fund	HF-04-05-7/ OOPFF HEALTHY FAMILI/ PE-04-05-7	93.558	680
P.E.E.R. Center	N/A	93.125	76
Palm Beach County Board of County Commissioners	2 H89 HA00034-12	93.914	1,703
Palm Beach County Health District	HCD PBC/PB152/ HCD/CBO SFY 2002/2003	93.576	54
Parkinsons Disease Foundation	M771686	93.999	3
Partnership For Strong Families	PNP415	93.999	132

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
Pennsylvania State University	PENNSYLVANIA STATE U	93.286	\$ 73
Pennsylvania State University	2601-FSU-DHHS-8075	93.865	73
Planning Systems Inc.	12494	93.286	7
Public Health Trust- Miami-Dade	PUBLIC HLTH TRUST MI	93.252	15
Rand Corporation	9920050015/ Rand Corp 9920050014	93.999	61
Research Foundation of S.U.N.Y.	02-19	93.865	138
RMR Technologies LLC	1 R41 RR16836-01A1	93.389	20
RMR Technologies LLC	1R43CA96201	93.395	18
Rockefeller University	N/A	93.999	75
Rutgers University	1896/ S403745/ S553590	93.866	20
Saint Olaf College	5 R01 NS040883	93.853	11
Sam Technology, Inc.	N/A	93.866	18
Saneron CCEL Therapeutics	1 R41 HL077012-01	93.839	14
Saneron CCEL Therapeutics	R41 NS0461550-01/ R41 NS046878-01/ R41 NS42431-01/ R41 NS46870-01A1/ R43 NS50065-01	93.853	121
Senior Solutions of Southwest Florida	333.04	93.045	1
Senior Solutions of Southwest Florida	OAA 333.05	93.052	21
Sepulveda Research Corporation	SEPULVEDA RES. CORP	93.226	203
Sloan-Kettering Cancer Center	1 R01 CA107096-01A1	93.999	2
Social and Scientific Systems	PACTG.25.P381.01/ SSS CPCR2 23 11	93.856	35
Somatocor, Inc.	N/A	93.999	87
Southwest Florida Addiction Services	N/A	93.243	50
Stanford University	28615-B	93.395	96
State of Texas	TEXAS HHSC 529-00-08	93.999	134
State University of New York	STATE UNIV OF NEW YO	93.853	7
SUNY at Stony Brook	1025853-2-25613	93.837	2
Supercon Inc.	S-20734	93.395	11
Syracuse University	SU353-3436	93.859	51
Syracuse University	353-3457	93.865	27
Texas A&M Research Foundation	S900292	93.155	17
The Children's Place at Home Safe	04-348 AMND 3	93.658	68
The Riddle Institute	RIDDLE	93.242	88
TransGenex Nanobiotech, Inc.	N/A/ TGN-HL076964-01	93.838	45
Tri-County Human Services	5UDI TI 11389-05	93.230	130
UNC at N.C. Wilmington	550547-04	93.283	28
Unigene Laboratories Inc	1 R43DK06381201	93.847	11
United Negro College Fund	N/A	93.137	6
University of Illinois at Urbana-Champaign	NO. 02-211	93.600	1
University of Alabama	UNIV OF ALABAMA	93.121	26
University of Alabama	UNIV OF ALABAMA	93.394	18
University of Alabama	N/A	93.867	28
University of Alabama - Birmingham	UNIV OF ALABAMA	93.837	44
University of Alabama - Birmingham	5 U01 HD40533-04	93.865	105
University of Alabama - Birmingham	1 R21 TW06703-01	93.989	3
University of California	00089	93.173	89
University of California	AGREEM 3655 SC	93.853	45
University of California	UNIV OF CAL 00RA5027	93.859	81
University of California - Berkeley	SA4337-29613PG	93.242	13
University of California - Los Angeles	UNIV OF CAL 2000 G D	93.242	33
University of California - San Diego	UNIV OF CAL. 1020775	93.837	4
University of California - San Diego	10244455	93.859	57
University of California - San Diego	10213659-002	93.866	35
University of Cincinnati	P021-040-N151-1105/ UNIV OF CINCINNATI	93.853	72
University of Colorado	ST 63063265/ UNIV OF COL. FY01.08	93.242	118
University of Colorado	5 R01 AI039213-09/ 5 R01 AI39213-07/ UNIV OF COLORADO	93.855	56
University of Colorado	FY04.121.004	93.999	2
University of Connecticut	554104	93.230	25
University of Helsinki	1 U01 HD40364-01	93.847	27
University of Illinois	2005368901JH	93.859	29
University of Illinois	02-127	93.865	20
University of Illinois (at Chicago)	02-211/ 90YD0119/01	93.600	103
University of Iowa	4000510997	93.242	30
University of Kansas - Medical Center	N/A	93.999	31

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
University of Kentucky - Research Foundation	468320-05-362	93.239	\$ 1
University of Kentucky - Research Foundation	UKRF 4-72175-04-176/ UKRF 4-72363-05-071	93.279	101
University of Louisville	UNIV LOUISVILLE 04-	93.121	114
University of Maryland	Z 182802	93.242	61
University of Maryland	S01459	93.879	5
University of Maryland	S00896	93.991	8
University of Maryland	S01693	93.999	8
University of Memphis	1-R21-DE016131-01A1	93.121	22
University of Memphis	N/A	93.279	11
University of Miami	M774869	93.121	15
University of Miami	660198	93.286	68
University of Miami	UNIV OF MIAMI M75227	93.395	122
University of Miami	ER 1027753/ H-660021	93.847	99
University of Miami	5U01NSO46295-02	93.853	154
University of Miami	6-66020-3713	93.859	9
University of Miami	660131/ 660151/ 66076G/ N/A	93.866	151
University of Miami	2004-03/ 5 P30 ESO05705-13/ P50 ES12736-02	93.894	104
University of Miami	66061E/ N/A/ SMITH/FSU/CFDA93.95	93.959	142
University of Miami	5 D31HP 70140-03	93.969	5
University of Michigan	UNIV OF MICHIGAN F00	93.279	25
University of Michigan	UNIV OF MICH F011871	93.396	14
University of Michigan	N/A/ PO 3000462554	93.866	46
University of Michigan	UNIV OF MICHIGAN 300	93.999	8
University of Minnesota	Q6426130101	93.173	12
University of Minnesota	B6376363108/ B6376363109	93.286	37
University of Minnesota	M6306102201	93.837	74
University of Nebraska	UNIV OF NEBRASKA	93.121	85
University of North Carolina	UNIV N. CAROLINA 5-3	93.839	88
University of North Carolina	UNC5-31813	93.859	17
University of North Carolina	NOIMH90001	93.999	12
University of North Texas	UNIV N TEXAS 71053-2	93.853	58
University of North Texas - Health Science Center	N/A	93.866	138
University of North Texas - Health Service Center	71084-2005-001	93.866	5
University of Pennsylvania	544155	93.233	2
University of Pennsylvania	5-32217/ UNIV OF PENN 535592/ UNIV OF PENN. 536548	93.846	113
University of Pennsylvania	534579D	93.853	43
University of Pennsylvania	UNIV OF PENN 536448	93.865	7
University of Pennsylvania	4-U10-EY12279-06	93.867	48
University of Pittsburgh	108216-1	93.837	6
University of Pittsburgh	U01 HD042444	93.865	10
University of Pittsburgh	N/A/ UNIV OF PITTSBURGH 1	93.999	182
University of Rochester	UR 5-28971	93.242	58
University of Rochester	P.O. 412885-G	93.342	5
University of Rochester	412670-G/ P0 411275-G/ UNIV OF ROCHESTER 41	93.853	397
University of South Carolina	CA098152-001	93.395	4
University of South Carolina	PO#323891	93.938	95
University of Southern California	U61/CCU922095-02-2	93.941	1
University of Texas	UNIV OF TEXAS	93.855	111
University of Texas at Austin	UTA03-097	93.865	41
University of Texas- SW Medical School	UNIV TEXAS GMO-01010	93.855	141
University of Utah	R21 AT001938	93.213	39
University of Utah	U OF UTAH 2305014-03/ UTAH 2305014-03	93.853	76
University of Utah	UNIV OF UTAH 9907112	93.865	56
University of Virginia	GC10988.119468	93.859	52
University of Washington	882080/ UNIV OF WASH 873747	93.121	136
University of Washington	UNIV WASHINGTON 7955	93.865	52
University of Washington	7 U01 AG15477-02	93.866	2
University of Wisconsin - Madison	701G444	93.230	23
University of Minnesota	S6636395103	93.273	80
Utica College	I-037HP00892-01	93.191	19
University of Pennsylvania	UNIV OF PENN 5-39813	93.389	22
University of Pennsylvania	UNIV OF PENN 5-35853	93.394	3
Vanderbilt University	16948-S2	93.242	13

NOTE 5. PASS-THROUGH AWARDS (continued)

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2004-2005 Expenditures (in thousands)
U. S. Department of Health and Human Services (Continued)			
Vanderbilt University	16997-S1	93.865	\$ 21
Vanderbilt University Medical Center	VUMC8740-R	93.393	35
Virginia Commonwealth University	520410/PO P620188	93.226	13
Virtual Brands	N/A	93.999	14
Wake Forest University	WAKEFOREST N01-AG-9-	93.837	56
Wake Forest University	N/A	93.999	66
Washington University	29081Q WU-04-236/ WASHINGTON UNIV WU-0	93.394	458
Washington University	WU-04-154	93.395	8
Washington University	PO NO. 29670G WU-HT-	93.837	6
Wayne State University	WSU04060	93.999	4
West Central FI Area Agency on Aging	2004 OA A/ N/A	93.052	64
Westat, Inc.	03111158/ WESTAT/ WESTAT INC	93.145	2,540
Westat, Inc.	G61948	93.865	154
Workforce Development Board of the Treasure Coast	04-007-WTTOOLS-04-IRCC	93.558	30
Workforce Development Board of Flagler & Volusia Co	N/A	93.558	445
Workforce One	2003-04 CR-WIA WTP-2610-IBT/OJT	93.558	238
Worknet Pinellas	N/A	93.558	754
Total – U. S. Department of Health and Human Services			<u>\$ 41,405</u>
U. S. Corporation for National and Community Service			
C C Natl Center for Comm Engagement	03LHHAZ001	94.005	18
Community College Center for Community Engagement	03LHHAZ001	94.005	26
FI Commission on Community Service	03AC031182/ 04AC042195	94.006	552
Hippy USA	N/A	94.006	44
Jumpstart	CFDA-94.006JSSITE30/ ENTER BB PROJ 30010	94.006	46
Tri-County Human Services	N/A	94.007	20
University of Maryland	02ADNMD0100501	94.006	76
Volunteer Florida	N/A	94.007	3
Total – U. S. Corporation for National and Community Service			<u>\$ 785</u>
U. S. Department of Homeland Security			
ITT Association of Arson Investigators, Inc.	EWM 2002-FP-00252	97.044	26
Total – U. S. Department of Homeland Security			<u>\$ 26</u>
U. S. Agency for International Development			
Academy for Educational Development	2985-0610-S-01	98.999	30
Chemonics Int. Inc.	PCE-I-00-98-00015-00 TASK ORDER NO.1	98.999	85
Family Health International	N/A	98.999	212
Georgetown University	FCCJRX205085204B, FCCJRX205084602C	98.999	261
Institute of International Education Brazil	N/A/ TEMP - IIEB	98.999	161
International Institute of Tropical AG	N/A	98.999	81
University of Georgia	RC710-013/3582647/ RD309-022/4092124/ RD309-022/4092174	98.999	339
University of Hawaii	N/A	98.999	136
University of Illinois	UNIV OF ILLI 04-239/	98.999	70
Woods Hole Research Center	A0344	98.999	9
Total – U. S. Agency for International Development			<u>\$ 1,384</u>
Indirect Total Federal Awards Expenditures			<u>\$ 96,323</u>

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APPENDIX 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:

<u>Report Type/Number</u>	<u>Report Title</u>	<u>Date of Report</u>
Operational Audit No. 2006-095	<i>Department of Community Affairs Division of Emergency Management Hurricane Disaster Relief and Emergency Assistance to Individuals</i>	January 2006
Information Technology Audit No. 2006-086	<i>Agency for Workforce Innovation One Stop Management Information System</i>	January 2006
Operational Audit No. 2006-072	<i>Florida KidCare Program Florida Healthy Kids Corporation Eligibility Issues</i>	December 2005
Information Technology Audit No. 2006-071	<i>Unemployment Insurance Program Agency for Workforce Innovation Department of Revenue State Technology Office</i>	December 2005
Operational Audit No. 2006-065	<i>Hillsborough Community College</i>	December 2005
Operational Audit No. 2006-046	<i>Agency For Health Care Administration Florida KidCare Program Monitoring and Other Issues</i>	October 2005
Operational Audit No. 2006-042	<i>Department of Elder Affairs</i>	October 2005
Operational Audit No. 2006-030	<i>Department of Juvenile Justice Selected Administrative Functions</i>	September 2005
Operational Audit No. 2006-028	<i>Department of Legal Affairs Medicaid Fraud Control Unit Prior Audit Follow-Up</i>	September 2005
Operational Audit No. 2006-027	<i>Agency for Workforce Innovation Procurement Process For Commodities and Contractual Services and Other Administrative Matters</i>	September 2005
Operational Audit No. 2006-009	<i>Department of Military Affairs FEMA Public Assistance Grants Program</i>	July 2005
Operational Audit No. 2005-204	<i>Department of Education</i>	June 2005
Financial and Operational Audit No. 2005-199	<i>Seminole Community College</i>	June 2005
Information Technology Audit No. 2005-115	<i>Department of Revenue Florida On-Line Recipient Integrated Data Access System Child Support Enforcement Component</i>	February 2005

Audit reports prepared by the Auditor General can be obtained on our Web site (www.myflorida.com/audgen/).

INDEX OF FINDINGS BY FEDERAL AGENCY

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Finding Number</u>	<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Finding Number</u>	
Agriculture	10.550	Food Donation Program	FA 05-001	Education (continued)	Student Financial Assistance Cluster		FA 05-099	
	10.561	State Administrative Matching Grants for Food Stamp Program	FA 05-007		84.063, 84.268		FA 05-100	
		Employment Services Cluster			84.032, 84.038, 84.268		FA 05-101	
	17.207, 17.801, 17.804				84.007, 84.032, 84.033, 84.038, 84.063, 84.268		FA 05-102	
	17.225	Unemployment Insurance			84.032, 84.063, 84.268		FA 05-103	
		Workforce Investment Act Cluster			84.007, 84.032, 84.038, 84.063, 84.268		FA 05-104	
	17.258, 17.259, 17.260				84.032, 84.268		FA 05-105	
	93.558	Temporary Assistance for Needy Families			84.032, 84.268		FA 05-106	
					84.038		FA 05-107	
Education	93.575	Child Care and Development Block Grant		Environmental Protection Agency	66.458	Capitalization Grants for Clean Water State Revolving Funds	FA 05-021	
	84.002	Adult Education - State Grant Program	FA 05-023		66.468	Capitalization Grants for Drinking Water State Revolving Funds		
	84.027	Special Education - Grants to States			66.468	Capitalization Grants for Drinking Water State Revolving Funds	FA 05-022	
	84.048	Vocational Education - Basic Grants to States		Health and Human Services	10.561	State Administrative Matching Grants for Food Stamp Program	FA 05-007	
	84.002	Adult Education - State Grant Program	FA 05-024			Employment Services Cluster		
	84.027	Special Education - Grants to States				17.207, 17.801, 17.804		
	84.048	Vocational Education -Basic Grants to States				17.225	Unemployment Insurance	
	84.287	21st Century Community Learning Centers					Workforce Investment Act Cluster	
	84.357	Reading First State Grants				17.258, 17.259, 17.260		
	84.367	Improving Teacher Quality State Grants				93.558	Temporary Assistance for Needy Families	
	84.048	Vocational Education - Basic Grants to States	FA 05-025			93.575	Child Care and Development Block Grant	
	84.367	Improving Teacher Quality State Grants				10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	FA 05-040
	84.002	Adult Education - State Grant Program	FA 05-026			10.558	Child and Adult Care Food Program	
	84.010	Title I Grants to Local Educational Agencies				93.268	Immunization Grants	
	84.027	Special Education - Grants to States				93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	
	84.048	Vocational Education -Basic Grants to States				93.558	Temporary Assistance for Needy Families	
	84.173	Special Education - Preschool Grants				93.566	Refugee and Entrant Assistance - State Administered Program	
	84.367	Improving Teacher Quality State Grants				93.576	Refugee and Entrant Assistant - Discretionary Grants	
	84.002	Adult Education - State Grant Program	FA 05-027			93.667	Social Services Block Grant	
	84.010	Title I Grants to Local Educational Agencies				93.767	State Children's Insurance Program	
	84.048	Vocational Education -Basic Grants to States				93.778	Medical Assistance Program	
	84.367	Improving Teacher Quality State Grants				93.940	HIV Prevention Activities – Health Department Based	
	84.002	Adult Education - State Grant Program	FA 05-028			96.001	Social Security - Disability Insurance	
	84.010	Title I Grants to Local Educational Agencies	FA 05-029			97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	
	84.032	Federal Family Education Loans	FA 05-030 FA 05-031 FA 05-032			93.558	Temporary Assistance for Needy Families	FA 05-041 FA 05-042
	84.048	Vocational Education - Basic Grants to States	FA 05-033 FA 05-034 FA 05-035 FA 05-036			93.566	Refugee and Entrant Assistance - State Administered Program	
	84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	FA 05-037 FA 05-038			93.658	Foster Care - Title IV-E	
	84.287	21st Century Community Learning Centers	FA 05-039			93.659	Adoption Assistance	
		Student Financial Assistance Cluster				93.667	Social Services Block Grant	
	84.007, 84.033, 84.038, 84.063, 84.268		FA 05-088			93.958	Block Grants for Community Mental Health Services	
	84.007, 84.032, 84.033, 84.063, 84.268		FA 05-089			93.959	Block Grants for the Prevention and Treatment of Substance Abuse	
	84.007, 84.033, 84.063, 84.268		FA 05-090			93.150	Projects for Assistance in Transition from Homelessness	FA 05-043
	84.007, 84.033, 84.063		FA 05-091			93.558	Temporary Assistance for Needy Families	
	84.007, 84.033, 84.063		FA 05-092			93.658	Foster Care - Title IV-E	
	84.063		FA 05-093			93.659	Adoption Assistance	
	84.268		FA 05-094			93.667	Social Services Block Grant	
	84.038		FA 05-095					
	84.033, 84.038, 84.063, 84.268		FA 05-096					
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	84.007, 84.033, 84.038, 84.063		FA 05-098					

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<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Finding Number</u>	<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Finding Number</u>		
Health and Human Services (continued)	93.778	Medical Assistance Program		Health and Human Services (continued)	Various		FA 05-116		
	93.959	Block Grants for Prevention and Treatment of Substance Abuse			12.431, 12.910, 47.070, 84.133, 93.853		FA 05-117		
	93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	FA 05-044		10.001, 12.431, 81.087		FA 05-118		
						Various		FA 05-119	
						Various		FA 05-120	
	93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs				84.305, 93.273		FA 05-121	
						20.514		FA 05-122	
						12.431, 47.049, 47.076		FA 05-123	
						47.049, 47.074, 81.999		FA 05-124	
						12.300, 47.049, 47.074		FA 05-125	
						10.001, 12.431		FA 05-126	
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)				10.001, 20.999, 66.460		FA 05-127	
						47.070		FA 05-128	
						12.431, 47.070		FA 05-129	
						43.001, 98.009		FA 05-130	
	93.575, 93.596	Child Care Cluster	FA 05-045			10.001, 10.200, 10.999, 20.999, 47.049, 81.999, 93.110		FA 05-131	
	93.558	Temporary Assistance for Needy Families				12.431, 81.087		FA 05-132	
						43.999		FA 05-133	
	93.575	Child Care Cluster	FA 05-046			Homeland Security	97.004	State Domestic Preparedness Equipment Support Program Grants	FA 05-081
	93.596		FA 05-047				97.023	Community Assistance Program State Support Services Element Grants	
	93.658	Foster Care and Adoption Assistance - Title IV-E	FA 05-048				97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	
	93.659						97.004	State Domestic Preparedness Equipment Support Program	FA 05-082
	93.775	Medicaid Cluster	FA 05-049						FA 05-083
	93.777		FA 05-050				97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FA 05-084
	93.778		FA 05-051						
			FA 05-052				97.039	Hazard Mitigation Grant Program	FA 05-085
			FA 05-053						FA 05-086
	93.917	HIV Care Formula Grants (HIV Grants)	FA 05-054				14.228	Community Development Block Grants	FA 05-003
	93.940	HIV Prevention Activities - Health Department Based				Justice	16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grant	FA 05-004
	96.001	Disability Insurance/Supplemental Security Income Cluster	FA 05-055						FA 05-005
	96.006								FA 05-006
	93.268	Immunization Grants	FA 05-056			Labor	10.561	State Administrative Matching Grants for Food Stamp Program	FA 05-007
	93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	FA 05-057						
		FA 05-058							
		FA 05-059							
		FA 05-060							
		FA 05-061							
		FA 05-062							
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