



**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, 2006

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

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**EXECUTIVE SUMMARY**

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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 auditing standards generally accepted in the United States and *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, 2006, 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 Trustess of the Internal Improvement Trust Fund were not adequate to document the ownership and valuation of a substantial portion of the balance disclosed for governmental activities, land and other nondepreciable assets, in note 5 to the financial statements, and reported for net capital assets at June 30, 2006. This was considered to be a material weakness in internal control. (Finding No. FS 06-001)
- **Department of Financial Services**, Statewide Financial Reporting Section, written procedures relating to the reconciliation and elimination of interfund balances and transfers were not sufficiently detailed to identify all information necessary to properly report or eliminate such accounts. (Finding No. FS 06-002)
- **Florida's Turnpike Enterprise** controls were not adequate to ensure the reporting of accounts payable in the correct fiscal year. (Finding No. FS 06-003)
- **Department of Education** procedures were not adequate for converting State university and community college financial statement accounts to accounts used for the State's financial statements and for reviewing information for accuracy and completeness prior to submission to the Department of Financial Services, Statewide Financial Reporting Section, for inclusion in the State's financial statements and Schedule of Expenditures of Federal Awards. (Finding No. FS 06-004)

Other internal control matters, which are of lesser significance than reportable conditions, were noted regarding financial reporting accuracy and presentation at the **Agency for Workforce Innovation**; the **Departments of Management Services, Financial Services, and Revenue**; and **Florida's Turnpike Enterprise**. Additionally, other internal control matters were noted regarding safeguarding of assets at **Florida's Turnpike Enterprise** and accuracy and presentation of Schedules of Expenditures of Federal Awards at **five State universities**.

*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 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.

We were not able to audit compliance with requirements applicable to **Special Tests and Provisions** for the **Plant and Animal Disease, Pest Control, and Animal Control Program** because the **Department of Agriculture and Consumer Services** did not maintain citrus canker records in a manner that facilitated reasonable access to assess compliance with required enforcement procedures. (Finding No. FA 06-001)

We were also not able to audit compliance with requirements applicable to **Matching, Level of Effort, and Earmarking** and **Reporting** for the **Vocational Education – Basic Grants to States Program** because the **Department of Education** did not provide, during our period of field work, the Interim or Final Financial Status Report or documentation supporting compliance with matching and level of effort requirements. (Finding No. FA 06-027)

The **Department of Children and Family Services** did not document, in a substantial number of instances, the eligibility of clients or providers to receive benefits under the **Temporary Assistance for Needy Families Program** (Finding No. FA 06-050), **Refugee and Entrant Assistance – State Administered Programs** (Finding No. FA 06-053), and **Foster Care – Title IV-E Program** (Finding No. FA 06-056).

The **Department of Health** did not document, in a substantial number of instances, the eligibility of clients to receive AIDS Drug Assistance under the **HIV Care Formula Grants Program**. (Finding No. FA 06-067)

The **Department of Community Affairs** and the **Division of Emergency Management** did not adequately review subrecipient requests for reimbursement under the **Hazard Mitigation Grant Program** prior to approval and payment. (Finding No. FA 06-079)

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, Reporting, Subrecipient Monitoring, and Special Tests and Provisions**. Reportable conditions are described in the *Schedule of Findings and Questioned Costs*. The findings described in the previous paragraphs on compliance for the **Plant and Animal Disease, Pest Control, and Animal Care Program** (Finding No. FA 06-001); **Vocational Education – Basic Grants to States Program** (Finding No. FA 06-027); **Temporary Assistance for Needy Families Program** (Finding No. FA 06-050); **Foster Care – Title IV-E Program** (Finding No. FA 06-056); and **HIV Care Formula Grants Program** (Finding No. 06-067) were considered material weaknesses in internal control. The following reportable conditions were also considered material weaknesses:

Procedures implemented by the **Department of Health** for the **Special Education – Grants for Infants and Families with Disabilities Program** (Finding No. FA 06-033) and the **Agency for Workforce Innovation** for the **Child Care Cluster Programs** (Finding No. FA 06-055) were not adequate to ensure timely and effective monitoring of subrecipients.

The **Division of Emergency Management** had not implemented procedures to ensure the timely completion of final inspections of large projects for the **Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program**. (Finding No. FA 06-078)

## Schedule of Expenditures of Federal Awards

The accompanying *Schedule of Expenditures of Federal Awards* for the fiscal year ended June 30, 2006, 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 2005-06 fiscal year, State agencies, universities, and community colleges administered over 625 Federal awards programs or program clusters. We audited the State's compliance with governing requirements for 41 of the Federal awards programs or program clusters that we identified as major programs for the fiscal year ended June 30, 2006. Expenditures for the major programs totaled approximately \$21.1 billion, or 88 percent of the total expenditures of \$23.9 billion, as reported on the *Schedule of Expenditures of Federal Awards*.

Our audit of Federal awards programs for the fiscal year ended June 30, 2006, did not include the administration of Federal awards programs by Scripps Florida Funding Corporation and Workforce Florida, Inc., blended component units of the State; discretely presented component units of the State's universities and community colleges; or discretely presented component units other than the State's universities and community colleges. As applicable, Federal awards programs administered by the 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](mailto:brendapelham@aud.state.fl.us)) or by telephone (850 487-9060).

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

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WILLIAM O. MONROE, CPA  
AUDITOR GENERAL

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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

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, 2006, which collectively comprise the State of Florida's basic financial statements and have issued our report thereon dated January 31, 2007. Our report was modified to include a reference to other auditors. As disclosed in that report, our opinion on the governmental activities was qualified because adequate documentation of the ownership and valuation of a substantial portion of the amount reported and disclosed for net capital assets in governmental activities was not provided.

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. Other auditors audited the financial statements of the Legislature, discretely presented component units of the State's universities and community colleges, and the discretely presented component units other than the State's universities and community colleges, as described in our report on the State of Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***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 06-001 through FS 06-004 in the Financial Statements Findings section of the Schedule of Findings and Questioned Costs, which is included in our report entitled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.



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 06-001 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 additional matters that we reported to management as finding Nos. FS 06-005 through 06-018 in the Financial Statement Findings section of the Schedule of Findings and Questioned Costs, which is included in our report entitled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

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  
Auditor General  
January 31, 2007





WILLIAM O. MONROE, CPA  
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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, 2006. 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, 2006, 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 the operations of the blended component units, Workforce Florida, Inc., and Scripps Florida Funding Corporation; discretely presented component units of the State's universities and community colleges; or to discretely presented component units other than the State's universities and community colleges. As applicable, Federal awards administered by Workforce Florida, Inc., Scripps Florida Funding Corporation, discretely presented component units of the State's universities and community colleges, and discretely presented component units other than the State's universities and community colleges are the subject of audits completed by other auditors. Our audit, as described below, also did not include the operations of the Legislature.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State of Florida's compliance with those requirements

and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. The legal determination on the State’s compliance with these requirements is, however, ultimately the responsibility of the grantor agency.

We were unable to obtain sufficient documentation supporting the compliance of the State of Florida with the Plant and Animal Disease, Pest Control, and Animal Care Program (CFDA No. 10.025) regarding Special Tests and Provisions and the Vocational Education – Basic Grants to States Program (CFDA No. 84.048) regarding Matching, Level of Effort, and Earmarking and Reporting (see finding Nos. FA 06-001 and FA 06-027 in the accompanying Schedule of Findings and Questioned Costs), nor were we able to satisfy ourselves as to the State of Florida’s compliance with those requirements by other auditing procedures.

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Florida did not comply with requirements applicable to the Federal Programs listed below. Compliance with such requirements is necessary, in our opinion, for the State of Florida to comply with the requirements applicable to the respective Program.

Finding No. FA 06-	Major Program	Types of Compliance Requirements Not Complied With
050	Temporary Assistance for Needy Families (CFDA No. 93.558)	Eligibility
053	Refugee and Entrant Assistance - State Administered Programs (CFDA No. 93.566)	Eligibility
056	Foster Care - Title IV-E (CFDA No. 93.658)	Eligibility
067	HIV Care Formula Grants (CFDA No. 93.917)	Eligibility
079	Hazard Mitigation Grant (CFDA No. 97.039)	Activities Allowed or Unallowed Allowable Costs/Cost Principles Period of Availability

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence supporting the State of Florida’s compliance with the requirements of the Plant and Animal Disease, Pest Control, and Animal Care Program regarding Special Tests and Provisions and the Vocational Education – Basic Grants to States Program regarding Matching, Level of Effort, and Earmarking and Reporting, and except for the noncompliance described in the preceding 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, 2006. 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 06-:

007	014 and 015	025	028
032 through 034	038 through 041	043 and 044	048 and 049
051	054 and 055	057 and 058	062
064	072 through 074	078	081 through 090
092 through 101	105 through 123		

**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 06-:

001 through 014	017	019 through 044	046 through 062
064 through 075	078 through 091	093 through 100	107 through 123

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions enumerated above, we consider the following to be material weaknesses:

Finding No. FA 06-	Major Program	Compliance Requirement
001	Plant and Animal Disease, Pest Control, and Animal Care (CFDA No. 10.025)	Special Tests and Provisions
027	Vocational Education – Basic Grants to States (CFDA No. 84.048)	Matching, Level of Effort, and Earmarking Reporting
033	Special Education - Grants for Infants and Families with Disabilities (CFDA No. 84.181)	Subrecipient Monitoring
050	Temporary Assistance for Needy Families (CFDA No. 93.558)	Eligibility
055	Child Care Cluster (CFDA Nos. 93.575 and 93.596)	Subrecipient Monitoring
056	Foster Care - Title IV-E (CFDA No. 93.658)	Eligibility
067	HIV Care Formula Grants (CFDA No. 93.917)	Eligibility
078	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)	Special Tests and Provisions

**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, 2006, and have issued our *Independent Auditor's Report on Financial Statements* dated January 31, 2007. That report disclosed the inadequacy of records to document the ownership and valuation of a substantial portion of the balance disclosed for land and other nondepreciable assets and net capital assets within governmental activities. That report also disclosed the implementation of Governmental Accounting Standards Board Statements Nos. 42, 44, and 46 and our reference to the reports of other auditors for audits of the financial statements of the Legislature, discretely presented component units other than the State's universities and community colleges, and component units of the State's universities and community colleges. 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

Auditor General

February 7, 2007

(except as related to field work in regard to the Schedule of Expenditures of Federal Awards that was performed concurrently with the Independent Auditor's Report on Financial Statements dated January 31, 2007)

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unqualified on all opinion units except for Governmental Activities

Internal control over financial reporting:

Material weakness identified? Yes

Reportable conditions identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? Yes

Reportable conditions identified that are not considered to be material weaknesses? Yes

Type of report the auditor issued on compliance for major programs:

Unqualified for all major programs except for the following programs which were qualified:

- Plant and Animal Disease, Pest Control, and Animal Care (10.025)
- Vocational Education - Basic Grants to States (84.048)
- Temporary Assistance for Needy Families (93.558)
- Refugee and Entrant Assistance - State Administered Programs (93.566)
- Foster Care - Title IV-E (93.658)
- HIV Care Formula Grants (93.917)
- Hazard Mitigation Grant (97.039)

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes

Dollar threshold used to distinguish between Type A and Type B programs: \$35,821,980

Auditee qualified as low-risk auditee? No

**MAJOR PROGRAMS**  
**Fiscal Year Ended June 30, 2006**

<u>Name of Federal Program or Cluster (1)</u>	<u>CFDA Number(s)</u>	<u>Total Expenditures</u>
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 44,275,361
Food Donation	10.550	42,322,869
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559	568,729,429
Community Development Block Grants - State's Program	14.228	36,034,644
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	15,556,035
Unemployment Insurance	17.225	886,668,557
WIA (Workforce Investment Act) Cluster	17.258, 17.259 & 17.260	154,053,878
Highway Planning and Construction Cluster	20.205	1,654,989,439
Capitalization Grants for Clean Water State Revolving Funds	66.458	62,987,816
Capitalization Grants for Drinking Water State Revolving Funds	66.468	26,670,387
Adult Education - State Grant Program	84.002	44,993,755
Title I Grants to Local Educational Agencies	84.010	541,979,285
Special Education Cluster	84.027 & 84.173	626,511,537
Federal Family Education Loans (FFEL) (Guaranty Agencies)	84.032	1,888,710,507 (3)
Vocational Education - Basic Grants to States	84.048	80,961,379
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	126,738,547
Special Education - Grants for Infants and Families with Disabilities	84.181	24,846,683
Twenty-First Century Community Learning Centers	84.287	46,630,057
Reading First State Grants	84.357	65,527,548
English Language Acquisition Grants	84.365	37,002,112
Improving Teacher Quality State Grants	84.367	152,495,766
Help America Vote Act Requirements Payments	90.401	24,632,161
Immunization Grants	93.268	91,283,125
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	51,561,001
Temporary Assistance for Needy Families	93.558	455,730,012
Child Support Enforcement	93.563	192,399,362
Refugee and Entrant Assistance - State Administered Programs	93.566	56,136,754
CCDF (Child Care Development Fund) Cluster	93.575 & 93.596	358,624,541
Foster Care - Title IV-E	93.658	135,880,953
Adoption Assistance	93.659	58,046,265
Social Services Block Grant	93.667	170,146,314
State Children's Insurance Program	93.767	238,274,136
Medicaid Cluster	93.775, 93.776, 93.777, 93.778	7,854,146,499
HIV Care Formula Grants	93.917	122,045,218
Block Grants for Prevention and Treatment of Substance Abuse	93.959	95,350,860
Disability Insurance - SSI (Supplemental Security Income) Cluster	96.001	85,915,053
Homeland Security Cluster	97.004 & 97.067	97,581,717
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,760,981,523
Hazard Mitigation Grant	97.039	18,098,546
Student Financial Assistance Cluster	(2)	1,560,039,591
Research and Development Cluster	(2)	548,787,952
<b>Total</b>		<b>\$ 21,104,347,174</b>

- 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 amount shown includes the value of loans guaranteed during the 2005-06 fiscal year totaling \$981,453,008. See the Schedule of Expenditures of Federal Awards, Note 2, for a description of the determination of the value of loans guaranteed.

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**FINANCIAL STATEMENTS FINDINGS**

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Our audit of the State of Florida's basic financial statements for the fiscal year ended June 30, 2006, disclosed certain matters that we communicated to management with the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with GOVERNMENT AUDITING STANDARDS*. These matters are included in this section of the report as finding Nos. FS 06-001 through FS 06-018 and, as applicable, are categorized as follows 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*:

- 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.
- Additional Matters. Less significant, but not clearly inconsequential, deficiencies in internal control over financial reporting or violations of provisions of contracts or grant agreements.



**MATERIAL WEAKNESS****CAPITAL ASSETS**

<b>Finding Number</b>	<b>FS 06-001</b>
<b>Opinion Unit</b>	Governmental Activities
<b>SW Fund Number</b>	800000
<b>State Agency</b>	<b>Florida Department of Environmental Protection (FDEP)</b>
<b>OLO-GF-SF-FID</b>	370000-80-9-000001
<b>GL Code(s)</b>	271
<b>Prior Year Finding</b>	Report No. 2006-152, FS 05-01
<b>Finding</b>	A significant portion of the amount reported for land within governmental activities at June 30, 2006, (see note 5 to the financial statements) was not adequately supported by records documenting ownership and valuation.
<b>Criteria</b>	Generally accepted accounting principles require that land be recorded at historical cost.
<b>Condition</b>	Although improvements were noted in the records of the Board of Trustees of the Internal Improvement Trust Fund, records were not adequate to document the ownership and valuation of a substantial portion of the amount reported for land within governmental activities at June 30, 2006. FDEP land represents 27 percent of the total amount reported as Governmental Activities "Land and Other Non-Depreciable Assets," and 7.5 percent of total Net Capital Assets reported.
<b>Cause</b>	FDEP did not have an adequate process in place to reconcile and resolve significant differences between land records evidencing ownership and records used for financial reporting purposes.
<b>Effect</b>	The accuracy of the value of land reported at June 30, 2006, has not been established.
<b>Recommendation</b>	We recommend that FDEP continue to enhance its reconciliation process by resolving differences between land records evidencing ownership and those records used for financial reporting purposes.
<b>State Agency Response and Corrective Action Plan</b>	As previously noted, over the past two years, FDEP has implemented improved policies and procedures designed to ensure that current and future land acquisitions, disposals and exchanges are timely and accurately recorded in both the Board of Trustees Land Database System (BTLDS) and FLAIR. Auditor General staff have indicated that since these improved procedures have been implemented, no significant differences between new items recorded in FLAIR and BTLDS have been noted during testing by the auditors. However, older historical records related to the 272 land items over \$1 million identified in audit report No. 2004-119 still contain inconsistencies regarding acreage, acquisition dates, and ownership status. The FDEP will perform a detailed review of these older land records designed to identify and correct inconsistencies and ensure that acreage amounts, acquisition dates, ownership status and other identifying information in BTLDS is consistent with the corresponding information recorded in FLAIR.
<b>Agency Contact and Telephone Number</b>	Deborah Poppell, Assistant Director Division of State Lands (904) 245-2555  Lynda Watson, Chief of Finance and Accounting Division of Administrative Services (850) 245-2420

**Estimated Corrective  
Action Date**

A detailed review of land records related to the 272 land items over \$1 million identified in audit report No. 2004-119 will be performed to ensure that acreage amounts, acquisition dates, and ownership status information in BTLDS is consistent with FLAIR. The review of these 272 items will be completed by June 30, 2007. For remaining land records, a detailed review will be completed on an ongoing basis, beginning with items with the highest recorded value.

## REPORTABLE CONDITION

### INTERFUND BALANCES AND TRANSFERS

<b>Finding Number</b>	<b>FS 06-002</b>
<b>Opinion Unit</b>	Governmental: General Fund, Transportation, Nonmajor
<b>SW Fund Number</b>	100000, 200400, 201400, 208571
<b>State Agency</b>	<b>Florida Department of Financial Services (FDPS)</b>
<b>OLO-GF-SF-FID</b>	Various
<b>GL Code(s)</b>	Various – see below
<b>Adjustment Amount</b>	Various – see below
<b>Finding</b>	The Statewide Financial Reporting Section (SFRS) is responsible for ensuring that interfund balances and transfers on a Statewide basis are properly reported, which includes ensuring that related accounts are in agreement and that appropriate eliminating entries within the same Statewide fund are recorded. We noted that, prior to audit adjustments, not all required adjusting entries were made and some adjusting entries were recorded incorrectly. For example, Operating Transfers In and Out within the General Fund were overstated by \$3,057,973,599 because an eliminating entry had not been recorded.
<b>Criteria</b>	Codification of Governmental Accounting and Financial Reporting Standards Section 1800.103-.104 provides that eliminations should be made to minimize or remove the “grossing-up” or “doubling-up” effect of certain transactions. Additionally the SFRS’ Statewide Financial Statements Year-end Requirements (Rules) require any reserve for advances to equal the amount of recorded advances. Section 1800.102 a. (1), provides that interfund loan activity should not be reported as other financing sources or uses.
<b>Condition</b>	<p>SFRS, in accordance with written procedures, is to reconcile interfund balances and transfers and record appropriate reconciling adjustments. Prior to audit adjustments, interfund balances and transfers were not properly reconciled and adjusted. Specifically, we noted:</p> <ul style="list-style-type: none"> <li>• <i>General Fund:</i> Operating Transfers In for General Revenue (General Ledger [GL] 658) and Operating Transfers Out for General Revenue (GL 758) were both overstated by \$3,057,973,599. Also, Reserved for Advances (GL 554) was overstated by \$4,086,657.</li> <li>• <i>Transportation Fund:</i> Fund Operating Transfers Out to Other Agencies (GL 759) and Expenditures (GL 711) were overstated and understated, respectively, by \$144,563,541. Also, Reserved for Advances (GL 554) was overstated by \$37,443,479.</li> <li>• <i>Nonmajor Fund:</i> Operating Transfers In from Other Agencies (GL 659) were overstated by \$256,563,541; Operating Transfers Out to Other Agencies (GL 759) were overstated by \$112,000,000; and Expenditures (GL 711) were overstated by \$144,563,541. Also, Reserved for Advances (GL 554) was overstated by \$16,250.</li> </ul>
<b>Cause</b>	SFRS written procedures relating to the reconciliation and elimination of interfund balances and transfers were not sufficiently detailed to identify all information necessary to properly report or eliminate such accounts. For example, written procedures did not address Transfers In and Out for General Revenue or the effect eliminating entries may have on related reserve accounts.
<b>Effect</b>	Prior to audit adjustments, accounts related to interfund balances and transfers were misstated.

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<b>Recommendation</b>	We recommend that SFRS enhance its written procedures relating to the reconciliation and elimination of interfund balances and transfers to ensure that, at a minimum, all GL Codes relating to interfund balances and transfers and the related effect of eliminating entries on reserve accounts are appropriately considered. Additionally, SFRS should consider the extent to which a separate review or monitoring process would increase the completeness of the reconciliation and elimination process.
<b>State Agency Response and Corrective Action Plan</b>	We concur. Compilation procedures and review processes will be enhanced to ensure that interfund balances and transfers are properly reported.
<b>Agency Contact and Telephone Number</b>	Timothy Hsieh (850) 413-5746
<b>Estimated Corrective Action Date</b>	Fiscal year ending June 30, 2007

**REPORTABLE CONDITION**

**ACCOUNTS PAYABLE**

<b>Finding Number</b>	<b>FS 06-003</b>
<b>Opinion Unit</b>	Proprietary Fund - Transportation
<b>SW Fund Number</b>	505501
<b>State Agency</b>	<b>Florida Department of Transportation – Florida’s Turnpike Enterprise</b>
<b>GL Code(s)</b>	210
<b>Finding</b>	Deficiencies were noted in the payables cutoff process.
<b>Condition</b>	External Category (ECAT) dates are used to identify that invoices are recorded in the appropriate fiscal year. As a result of incorrect ECAT dates; costs relating to fiscal year 2005 as well as fiscal year 2007 were captured within fiscal year 2006. Turnpike disbursement personnel do perform verification of ECAT dates reported on the Unrecorded Payable Report on a sample basis to ensure ECAT dates correspond to the period services were performed. However, this verification process detects the errors after they occur, and does not prevent errors from occurring. A similar finding was noted in the 2005 audit.
<b>Effect</b>	This is a deficiency in the payables cutoff process, which can allow material costs to be recorded in the improper fiscal year.
<b>Recommendation</b>	The Turnpike should expand year-end control procedures to prevent incorrect ECAT dates being entered and included in the Unrecorded Payable Reports.
<b>State Agency Response and Corrective Action Plan</b>	Management concurs with this recommendation and will work with the Office of Comptroller to determine any improvements to the year end payables cutoff process that will provide assurance that expenses are recorded in the proper period and payable balances are accurate. In addition, management will consider a review of the process for assigning ECAT dates to determine any controls that can be implemented to prevent the occurrence of incorrect ECAT dates.
<b>Agency Contact and Telephone Number</b>	William F. Thorp, CPA Chief Financial Officer, Florida's Turnpike Enterprise (407) 532-3999

## REPORTABLE CONDITION

### REVENUES AND EXPENDITURES

<b>Finding Number</b>	<b>FS 06-004</b>
<b>Opinion Unit</b>	Component Unit
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>OLO-GF-SF-FID</b>	Various
<b>GL Code(s)</b>	Various
<b>Adjustment Amount</b>	Various
<b>Finding</b>	FDOE needed to enhance its procedures to ensure information compiled for universities and community colleges for inclusion in the State's financial statements and Schedule of Expenditures of Federal Awards (SEFA) was accurate and complete prior to submission to the Florida Department of Financial Services (FDFS), Statewide Financial Reporting Section (SFRS). Our audit disclosed numerous instances in which university and community college financial information submitted to SFRS by FDOE for inclusion in the State's financial statements and SEFA was incorrect or incomplete.
<b>Criteria</b>	FDOE was responsible for compiling financial information from universities and community colleges, and submitting such information to SFRS for inclusion in the State's financial statements and SEFA. As such, FDOE is responsible for implementing adequate procedures to ensure that such information is accurate and complete prior to submission to SFRS.
<b>Condition</b>	<p>Our review of FDOE's procedures for compiling financial statement information from universities and community colleges disclosed that such procedures needed enhancement, as follows:</p> <ul style="list-style-type: none"> <li>• FDOE required each university and community college to complete FDOE-prescribed forms to use in reporting to FDOE required financial statement information to be included in the State's financial statements. The universities and community colleges used crosswalks (schedules of university and community college general ledger (GL) accounts that correspond to SFRS accounts) to convert accounts reported by the universities and community colleges to accounts used by SFRS to prepare the State's financial statements. However, as evidenced by the following reporting errors, FDOE did not adequately review the individual university and community college financial statement information forms to ensure they were accurate and complete prior to submitting to SFRS: <ul style="list-style-type: none"> <li>▪ For six universities, Federal and State student financial aid revenues were incorrectly converted to the SFRS Contributions to Permanent Funds account when they should have been recorded to the SFRS Operating Grants and Contributions account. These reporting errors occurred because the six universities did not use the SFRS approved university crosswalk.</li> <li>▪ For 10 universities and all 28 community colleges, revenues from Public Education Capital Outlay (PECO) appropriations were incorrectly converted to the SFRS Payments from the State of Florida account when they should have been recorded to the SFRS Capital Grants and Contributions account. These reporting errors occurred because the 10 universities did not use the SFRS approved university crosswalk, and the community college crosswalk was not sufficiently detailed to show which SFRS account was to be used for this revenue source.</li> </ul> </li> </ul>

- For all 28 community colleges, Federal grants and contracts revenues were converted to the SFRS Capital Grants and Contributions, or Payments from the State of Florida, accounts; however, a significant portion of these revenues relating to Federal student financial aid should have been recorded to the SFRS Operating Grants and Contributions account. These reporting errors occurred because the community college crosswalk was not sufficiently detailed to distinguish noncapital grants and contributions from capital grants and contributions.
- For 25 community colleges, revenues related to the Bright Futures Scholarship Program or to Florida Student Assistance Grants were converted to the SFRS Capital Grants and Contributions, or Payments from the State of Florida, accounts; however, these revenues should have been recorded to the SFRS Operating Grants and Contributions account. These reporting errors occurred because the community college crosswalk was not sufficiently detailed to show which SFRS account was to be used for these revenue sources.
- FDOE did not review component unit (CU) forms submitted by community colleges, to ensure they were complete and in agreement with FDFS Adjustment Forms, prior to submitting the forms to SFRS. Consequently, for 25 community colleges, the CU forms submitted to SFRS were not complete or contained one or more errors.
- FDOE required each university and community college to complete an FDOE-prescribed SEFA worksheet, and provided the universities and community colleges with instructions on how to prepare the worksheet; however, FDOE did not adequately review the individual university and community college SEFA worksheets to ensure they were accurate, complete, properly formatted, and otherwise prepared in accordance with FDOE instructions. The lack of adequate review of the SEFA worksheets prior to submission to SFRS resulted in FDOE failing to detect numerous instances in which 8 university and 14 community colleges SEFA worksheets, for one or more grants or programs, contained errors.

Some of the above reporting errors were corrected by FDFS; however, the majority of the errors were detected by our audit. Although we expanded our audit procedures to determine adjustments necessary for the fair presentation of the State's financial statements and SEFA, our audit cannot act as a substitute for FDOE's responsibility to ensure that university and community college financial information submitted to SFRS is accurate and complete.

<b>Cause</b>	FDOE did not have adequate procedures for converting university and community college financial statement accounts to accounts used for the State's financial statements and for reviewing information prior to submission to SFRS for inclusion in the State's financial statements and SEFA to ensure such information was accurate and complete.
<b>Effect</b>	Without adequate procedures, FDOE may provide SFRS with information for universities and community colleges that is inaccurate or incomplete, which could result in the improper reporting of such information in the State's financial statements and SEFA.
<b>Recommendation</b>	FDOE should enhance its procedures to ensure that information compiled for universities and community colleges for inclusion in the State's financial statements and SEFA is accurate and complete prior to submission to SFRS. Such procedures should include the use of adequate SFRS-approved crosswalks for converting university and community college accounts to accounts used for the State's financial statements, and a thorough review of the information prior to submission to SFRS.



<b>State Agency Response and Corrective Action Plan</b>	The Department of Education will continue to seek guidance and direction from the Department of Financial Services to enhance the existing crosswalks, to perform a thorough review of the component unit forms and to complete an approved DFS checklist of the Schedule of Expenditures for Federal Awards prior to the submission to the Statewide Financial Reporting Section.
<b>Agency Contact and Telephone Number</b>	Norman Holley (850) 245-9218
<b>Estimated Corrective Action Date</b>	June 30, 2007

## ADDITIONAL MATTERS

### NET RECEIVABLES

<b>Finding Number</b>	<b>FS 06-005</b>
<b>Opinion Unit</b>	Aggregate Remaining Fund
<b>SW Fund Number</b>	509999
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>OLO-GF-SF-FID</b>	750000-50-2-767002
<b>GL Code(s)</b>	152, 153, 159
<b>Prior Year Finding</b>	Report No. 2006-152, FS 05-02
<b>Finding</b>	FAWI procedures were not adequate to ensure that receivables for the Unemployment Compensation (UC) Fund were accurately reported in accordance with generally accepted accounting principles (GAAP) and Florida law.
<b>Criteria</b>	GAAP and Sections 443.141(1)(a) and (b), Florida Statutes.
<b>Condition</b>	<p>We continued to note deficiencies that adversely affected FAWI's ability to initiate, record, process, and report financial data (see reference to prior audit report above). As a result, undetermined amounts of receivables for UC taxes, penalties, and interest were not reported by FAWI at June 30, 2006. Specifically, our audit procedures disclosed that:</p> <ul style="list-style-type: none"> <li>• Established procedures did not provide for the accrual of all interest at June 30, 2006.</li> <li>• Established procedures did not provide for the accrual of the first quarter of the calendar year's assessment of UC taxes, penalties, and interest at June 30, 2006.</li> <li>• Established procedures for calculating interest for delinquent UC tax accounts did not use the rate specified in Florida law (1 percent per month and each partial month).</li> <li>• Established procedures for calculating penalties for employers with delinquent UC tax reports were assessed at a rate other than the rate of \$25 for each 30-day period, or fraction thereof, required by Florida law.</li> <li>• Established procedures for the assessment of the penalty for delinquent UC tax reports were not in accordance with Florida law.</li> <li>• FAWI did not follow established procedures and used preliminary report figures instead of final report figures as a basis for the calculation of estimated UC taxes receivable for the quarter ended June 30, 2006.</li> <li>• For the fiscal year ended June 30, 2006, a reconciliation between the UC Tax Registration Accounting Information Network (TRAIN) subsystem and FAWI Departmental FLAIR (i.e., State's general ledger accounting records) was not completed as of November 1, 2006. In addition, as of October 4, 2006, reconciliations between the UC Claims and Benefits subsystem and FAWI Departmental FLAIR had been completed for only six months (November 2005 through April 2006) of the 2005-06 fiscal year.</li> </ul>
<b>Cause</b>	Established procedures did not reasonably ensure the accuracy and completeness of the amounts reported as receivables. Procedures have not been revised, according to FAWI management, because of the impending move of UC tax collections to the SUNTAX system and the discontinuance of the UC TRAIN subsystem.

	<p>Reports necessary for complete reconciliation of the UC TRAIN subsystem and the State's general ledger accounting records were under development. Additionally, management has not established procedures to ensure that reconciliations between the UC Claims and Benefits subsystem and the FAWI Departmental FLAIR are timely completed.</p>
<b>Effect</b>	<p>UC Fund receivables and the related allowance account at June 30, 2006, were misstated by an undetermined amount. Additionally, the lack of timely and complete reconciliations increases the risk that errors or fraud, if any, are not timely detected.</p>
<b>Recommendation</b>	<p>We again recommend that FAWI improve its procedures to ensure compliance with GAAP. We also recommend that FAWI, in consultation with FDOR (its contracted service provider), initiate changes to procedures as necessary to ensure compliance with Florida law. In addition, we recommend that FAWI complete development of reports necessary for timely and complete reconciliations.</p>
<b>State Agency Response and Corrective Action Plan</b>	<p>Bullets 1-5 - Following the citation of the first five findings resulting from the 2004-05 fiscal year audit, the agency determined that the Auditor General's concerns would be addressed through implementation of the Unemployment Tax program in the Department of Revenue's System for Unified Taxation (SUNTAX) system. The agency lacks sufficient applications development resources to undertake mainframe computer programming needed to address the findings especially in consideration that the system will ultimately be obsolete. FAWI staff is committed to working with the Department of Revenue to ensure that the roll out of the Unemployment Tax program in SUNTAX will resolve the findings. The Department of Revenue anticipates completing the movement of the Unemployment Tax Program from FAWI's current TRAIN system to SUNTAX by the third quarter of 2007.</p> <p>Bullet 6 - FAWI Finance and Accounting staff has developed procedures and will implement them to ensure that only final figures are used to estimate taxes receivable for June 30, 2007.</p> <p>Bullet 7 - TRAIN Reconciliation: Significant progress has been made towards a reconciliation with the development of key reports from the TRAIN system. For the fiscal year, FAWI performed the reconciliation of the initial deposits shown in TRAIN with the initial deposits in FLAIR. The two remaining components of the reconciliation are the refunds and refund cancellations, and miscellaneous transactions (deposit corrections, etc.). The refund and refund cancellation report was put into production in July 2006 and the miscellaneous transactions report was put into production during January 2007.</p> <p>FAWI Finance and Accounting staff will continue to perform deposit reconciliation procedures and work with FDOR staff to complete the remaining reconciliations for the 2006-07 fiscal year.</p> <p>Benefits Reconciliation: FAWI Finance and Accounting will ensure all reconciliations between the UC Claims and Benefits subsystem and FAWI Departmental FLAIR are completed at the grant level for the 2006-07 fiscal year.</p>
<b>Agency Contact and Telephone Number</b>	<p>Tom Clendenning, (850) 245-7499 Wayne Summerlin, Controller - (850) 245-7348</p>
<b>Estimated Corrective Action Date</b>	<p>Bullets 1 - 5: September 2007 Bullets 6 and 7: June 2007</p>

## ADDITIONAL MATTERS

### IMPROPER PRESENTATION OF FIDUCIARY FUND ACTIVITY

<b>Finding Number</b>	<b>FS 06-006</b>																
<b>Opinion Unit</b>	Aggregate (Remaining Fund Information)																
<b>SW Fund Number</b>	739999 (Pension and Other Employee Benefits Trust Funds)																
<b>State Agency</b>	<b>Florida Department of Management Services (FDMS)</b>																
<b>OLO-GF-SF-FID</b>	Various - See Below																
<b>GL Code(s)</b>	142XX; 15199; 67200; 67900; 77XXX																
<b>Adjustment Amount</b>	Various - See Below																
<b>Finding</b>	FDMS procedures over financial reporting did not ensure that transactions for the Pension and Other Employee Benefits Trust Funds (Pension Fund) were properly reported.																
<b>Criteria</b>	GASB Statement No. 33, <i>Accounting and Financial Reporting for Nonexchange Transactions</i> ; GASB Technical Bulletin No. 2006-1, <i>Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D</i> ; GASB Statement No. 3, <i>Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements</i> ; GASB Statement No. 25, <i>Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans</i> , GASB Statement No. 40, <i>Deposits and Investment Risk Disclosures</i> ; and procedures established by the Florida Department of Financial Services (FDFS).																
<b>Condition</b>	<p>Our audit disclosed that, prior to audit adjustments, the following transactions were improperly reported:</p> <ul style="list-style-type: none"> <li>• FDMS reported administrative and insurance claims expenses, supplemental insurance premium payments, and annuity contract payments in the net amount of \$244,826,535 in Investment Activity Expense. Additionally, flexible spending plan reimbursements and life insurance premium payments totaling \$67,674,720 were reported in Administrative Expense.</li> <li>• Contrary to the requirements outlined in GASB Technical Bulletin No. 2006-1, receipts from the Federal government totaling \$7,686,288, representing payments under the new retiree drug subsidy (RDS) provision of Medicare Part D and classified as voluntary nonexchange transactions, were reported by FDMS in Sales of Goods and Services - Non-State, instead of Other Operating Revenue.</li> <li>• FDMS did not classify certain investments totaling \$31,891,771,393 in accordance with the presentation guidelines outlined in GASB Statements No. 3, 25, and 40, and procedures established by FDFS.</li> </ul> <p>The items noted above pertain to the following funds:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>73-2-510012</td> <td>Operating Trust Fund - Administration Retirement Division</td> </tr> <tr> <td>73-2-515002</td> <td>Senior Management Service Optional Annuity Program</td> </tr> <tr> <td>73-2-517001</td> <td>Optional Retirement Program Trust Fund</td> </tr> <tr> <td>73-2-570001</td> <td>Pretax Benefits Trust Fund</td> </tr> <tr> <td>73-2-667002</td> <td>State Employees Life Insurance Trust Fund</td> </tr> <tr> <td>73-2-668003</td> <td>State Employees Health Insurance Trust Fund - TriCare</td> </tr> <tr> <td>73-2-667003</td> <td>State Employees Life Insurance Premiums Trust Fund</td> </tr> <tr> <td>73-2-583001</td> <td>Retiree Health Insurance Subsidy Trust Fund</td> </tr> </table>	73-2-510012	Operating Trust Fund - Administration Retirement Division	73-2-515002	Senior Management Service Optional Annuity Program	73-2-517001	Optional Retirement Program Trust Fund	73-2-570001	Pretax Benefits Trust Fund	73-2-667002	State Employees Life Insurance Trust Fund	73-2-668003	State Employees Health Insurance Trust Fund - TriCare	73-2-667003	State Employees Life Insurance Premiums Trust Fund	73-2-583001	Retiree Health Insurance Subsidy Trust Fund
73-2-510012	Operating Trust Fund - Administration Retirement Division																
73-2-515002	Senior Management Service Optional Annuity Program																
73-2-517001	Optional Retirement Program Trust Fund																
73-2-570001	Pretax Benefits Trust Fund																
73-2-667002	State Employees Life Insurance Trust Fund																
73-2-668003	State Employees Health Insurance Trust Fund - TriCare																
73-2-667003	State Employees Life Insurance Premiums Trust Fund																
73-2-583001	Retiree Health Insurance Subsidy Trust Fund																

<b>Cause</b>	As a result of discussions with FDMS managers regarding the number of audit adjustments required in previous fiscal years, we noted an effort in the current fiscal year to correctly record the items that had been brought to their attention. However, material audit adjustments were still required to correct the records for financial statement presentation as of June 30, 2006. Management has not established procedures to ensure that the accounting matrix developed by FDFS is appropriately and consistently used, or to provide for the review of Pension Fund transactions in order to ensure compliance with the reporting requirements established by FDFS and generally accepted accounting principles (GAAP).
<b>Effect</b>	Prior to audit adjustment, the Investment Activity Expense account was overstated by \$244,826,535, and the Administrative Expense account was overstated by a net amount of \$62,394,831. These classification errors led to the improper classification of supplemental and life insurance premium payments, annuity contract payments, flexible spending plan reimbursements, and insurance claims expenses. Medicaid Part D receipts totaling \$7,686,288 and the investments totaling \$31,891,771,393, without reclassification to appropriately reflect the nature of the transactions, would not have been presented in accordance with GAAP.
<b>Recommendation</b>	We recommend that FDMS enhance its procedures over financial reporting to ensure that account classifications are reviewed for accuracy at year-end.
<b>State Agency Response and Corrective Action Plan</b>	The Department will update the policies and procedures of financial reporting to include a review of account classifications at year-end by February 28, 2007.
<b>Agency Contact and Telephone Number</b>	Mitchell Clark, (850) 487-9888 Steve Rumph, (850) 488-5285
<b>Estimated Corrective Action Date</b>	February 28, 2007

## ADDITIONAL MATTERS

### CLAIMS LIABILITIES

<b>Finding Number</b>	<b>FS 06-007</b>
<b>Opinion Unit</b>	Governmental Activities
<b>SW Fund Number</b>	900000 (General Long-Term Debt Account)
<b>State Agency</b>	<b>Florida Department of Financial Services (FDFS)</b>
<b>OLO-GF-SF-FID</b>	430000-90-9-400001
<b>GL Code(s)</b>	315, 498, 711
<b>Adjustment Amount</b>	\$124,271,538; \$204,789,604; and \$80,518,066
<b>Prior Year Finding</b>	FS 05-03
<b>Finding</b>	In the Governmental Activities financial statements, FDFS, Bureau of Financial and Support Services (Bureau), did not accurately record the 61- to 365-day portion and the long-term portion of actuarially determined claim liabilities.
<b>Criteria</b>	Generally accepted accounting principles require that, for governmental funds, risk management claims against current financial resources should be reported as governmental fund liabilities, while unmatured long-term indebtedness, including claim liabilities not yet due for payment, should be reported as general long-term liabilities.
<b>Condition</b>	An actuarial valuation is obtained annually through contracted actuaries to provide total liability estimates for State risk management activities. The Bureau is responsible for identifying and recording the current and long-term portion of the liability, as appropriate. The Bureau prepared adjusting entries to record \$80,518,066 as current (0 to 60 days) claim liabilities and related expenditures in the governmental funds; however, the Bureau did not reduce the general long-term liability in the Governmental Activities financial statements by this amount. Additionally, in the Governmental Activities financial statements the Bureau understated the current (61- to 365-day) portion and overstated the long-term (over 365 days) portion of the liability by \$124,271,538. These claim liabilities relate to the State Risk Management Trust Fund's property and casualty insurance coverage and the Special Disability Trust Fund's workers' compensation coverage.
<b>Cause</b>	The Bureau did not have in place supervisory review procedures sufficient to reasonably ensure that the fiscal year close-out entries relating to claim liabilities were properly recorded and in the correct amounts.
<b>Effect</b>	Prior to audit adjustment, claims liabilities and expenses reported in the Governmental Activities financial statements were overstated by approximately \$80 million. In addition, approximately \$124 million of current claim liabilities was misclassified as noncurrent claim liabilities in the Governmental Activities financial statements.
<b>Recommendation</b>	We recommend that the Bureau ensure that appropriate supervisory review procedures are performed over the fiscal year close-out process relating to claim liabilities.
<b>State Agency Response and Corrective Action Plan</b>	We concur. In order to assure proper reporting in the future, staff and supervisory personnel in the Bureau of Financial and Support Services responsible for State Wide Financial statements will attend the annual training provided by the State Wide Financial Reporting Section. Additionally, a Procedure will be formalized, by January 31, 2007, in reference to the completion of the annual Statewide Financial Statements which will include procedures for appropriate supervisory review.

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

Kip Wells  
(850) 413-2100  
January 31, 2007



## ADDITIONAL MATTERS

### ACCOUNTS RECEIVABLE AND DEPOSITS PAYABLE

<b>Finding Number</b>	<b>FS 06-008</b>
<b>Opinion Unit</b>	Aggregate Remaining Fund
<b>SW Fund Number</b>	747301
<b>State Agency</b>	<b>Florida Department of Revenue (FDOR)</b>
<b>OLO-GF-SF-FID</b>	730000-74-2-081002
<b>GL Code(s)</b>	151, 331
<b>Adjustment Amount</b>	\$28,153,926
<b>Finding</b>	Some receivables and corresponding payables relating to the Child Support Enforcement (CSE) Program were not properly recognized in the accounting records, resulting in the understatement of assets and liabilities.
<b>Criteria</b>	Generally accepted accounting principles require that all financial transactions be recorded in the accounting records.
<b>Condition</b>	Certain receivables have been accruing in the CSE Program since its inception in 1975 and are caused by: (1) payments by check from noncustodial parents returned by banks for nonsufficient funds after a payment has been forwarded to the custodial parent; (2) payments to incorrect recipients; (3) U.S. Internal Revenue Service noncustodial parent refund intercepts that were forwarded to FDOR, which forwarded the intercepts to the custodial parent, prior to learning that not all of the intercept was due to the custodial parent; and, (4) other recording errors. These receivables and related payable transactions had not been recorded in the CSE Clearing Trust Fund.
<b>Cause</b>	To correct payment errors, the FDOR borrowed cash from undistributed funds and did not record the borrowing activity in its accounting records.
<b>Effect</b>	The FDOR had not recognized receivable transactions and the corresponding payables, which prior to audit adjustment, resulted in their understatement by \$28,153,926 at June 30, 2006.
<b>Recommendation</b>	During the 2006 legislative session, the FDOR requested and received an appropriation of \$28,153,926 for past nonrecurring losses and \$3,241,987 for recurring losses expected during the 2006-2007 fiscal year. Notwithstanding the appropriation received by FDOR, we recommend that the FDOR implement accounting procedures to recognize the receivables and corresponding payables in its accounting records.
<b>State Agency Response and Corrective Action Plan</b>	The Department concurs with the finding and recommendation. The finding is based upon an analysis prepared by the Department and presented to the Governor's, House and Senate staff during the latter part of 2005, which resulted in the Department receiving an appropriation to offset the shortages. Appropriate accounting entries will be made to reflect the current status of all Trust Fund receivables and liabilities for future financial reporting periods.
<b>Agency Contact and Telephone Number</b>	Mel Hedick (850) 413-0605
<b>Estimated Corrective Action Date</b>	June 30, 2006

**ADDITIONAL MATTERS**

**PHYSICAL ACCESS CONTROLS**

<b>Finding Number</b>	<b>FS 06-009</b>
<b>Opinion Unit</b>	Proprietary Fund - Transportation
<b>SW Fund Number</b>	505501
<b>State Agency</b>	<b>Florida Department of Transportation – Florida’s Turnpike Enterprise</b>
<b>Finding</b>	Physical access controls were not always operating effectively.
<b>Condition</b>	During our toll revenue testing at a sample of plazas, we noted several instances where physical access controls were not operating effectively. No identification was requested at the Three Lakes Mainline, Beeline West, and Pompano Beach toll plazas. At each of the plazas tested, the door was opened by a manager/supervisor/collector and held ajar while they asked the reason for our visit. It would have been possible in every instance to gain forceful entry. Similar findings were noted at various plazas during the 2005 audit.
<b>Effect</b>	These instances of ineffectiveness could lead to increased risk of loss from theft.
<b>Recommendation</b>	The Turnpike should ensure that all visitors are properly identified prior to gaining access to the toll plaza facilities.
<b>State Agency Response and Corrective Action Plan</b>	Management concurs with this recommendation. Turnpike Policy requires all toll facility employees to ask visitors for identification prior to allowing entry into the facility. Management will continue to reinforce this policy and provide additional training as necessary.  Due to physical limitations at toll facilities, toll facility managers and supervisors request identification with the door ajar prior to allowing admittance into the facility. Management believes that physical access controls to secured rooms where funds are held appropriately reduces the risk of loss from theft. Management will continue to review physical access controls to ensure that System assets are properly safeguarded.
<b>Agency Contact and Telephone Number</b>	William F. Thorp, CPA Chief Financial Officer, Florida's Turnpike Enterprise (407) 532-3999

## ADDITIONAL MATTERS

### NONDEPRECIABLE INFRASTRUCTURE AND CONSTRUCTION WORK IN PROGRESS

<b>Finding Number</b>	<b>FS 06-010</b>
<b>Opinion Unit</b>	Proprietary Fund - Transportation
<b>SW Fund Number</b>	505501
<b>State Agency</b>	<b>Florida Department of Transportation – Florida’s Turnpike Enterprise</b>
<b>GL Code(s)</b>	156, 175
<b>Finding</b>	Procedures to identify projects as complete were not always followed.
<b>Condition</b>	The Turnpike uses the Work Program Administration ("WPA") application to determine the classification of all projects that have not been previously classified (i.e. expense, building, furniture and equipment, land) and to update those projects classified as Work in Process ("WIP") to completed (CWIP, infrastructure) if one or both of the following conditions are met: the current status code is 096 or higher within the WPA System as of June 30th of the current fiscal year, or a determination made by Work Program and Financial Planning that a capital asset is ready for its intended use. During our testing of this control process, we reviewed all project status codes with a code of 096 or higher to determine if the Turnpike had transferred these items appropriately to infrastructure.
<b>Effect</b>	As a result of our review, an additional \$437,000 of completed projects were transferred to infrastructure.
<b>Recommendation</b>	The Turnpike should ensure that all projects that meet the pre-defined criteria are appropriately classified as CWIP or infrastructure as part of the financial reporting process.
<b>State Agency Response and Corrective Action Plan</b>	Management concurs with this recommendation and will ensure that completed projects meeting established criteria for reclassification to infrastructure are appropriately recorded.
<b>Agency Contact and Telephone Number</b>	William F. Thorp, CPA Chief Financial Officer, Florida's Turnpike Enterprise (407) 532-3999

## ADDITIONAL MATTERS

### IMPAIRMENT OF CAPITAL ASSETS

<b>Finding Number</b>	<b>FS 06-011</b>
<b>Opinion Unit</b>	Component Units
<b>SW Fund Number</b>	253710, 253721, 253722, 253723, 253724
<b>State Agency</b>	<b>Florida Department of Financial Services (FDfs)</b>
<b>OLO-GF-SF-FID</b>	370000-25-8-002115, 370000-25-8-002215, 370000-25-8-002315, 370000-25-8-002415, 370000-25-8-002515
<b>GL Code(s)</b>	272, 274, 276, 278
<b>Prior Year Finding</b>	Report No. 2006-152, FS 05-04
<b>Finding</b>	FDfs Statewide Financial Reporting Section (SFRS) did not timely notify applicable component units of the requirements to early implement new reporting standards relating to the impairment of capital assets.
<b>Criteria</b>	Generally accepted accounting principles (GAAP) provides that the primary government and all component units included in the Comprehensive Annual Financial Report (CAFR) must consistently implement applicable new reporting standards. For example, GASB Statement No. 42, <i>Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (November 2003)</i> , is effective for financial statements for periods beginning after December 15, 2004. Early implementation of this and future reporting standards may be required for component units with fiscal year-end dates different from their primary government. The primary government is responsible for timely notifying component units when early implementation is required for inclusion in the primary government's CAFR. Such notice should allow for each applicable component unit to incorporate necessary changes into its audited financial statements.
<b>Condition</b>	<p>The State of Florida was required to implement GASB Statement No. 42, relating to the reporting of the impairment of capital assets, in the CAFR for the fiscal year ended June 30, 2006. The CAFR includes component units with fiscal year-end dates of September 30, 2005 (i.e., October 1, 2004, beginning date for fiscal year was prior to December 15, 2004). Absent notification from the primary government that early implementation was required, the component units with fiscal years beginning prior to December 15, 2004, may not have anticipated the need to early implement the reporting standards.</p> <p>On June 6, 2006, the SFRS notified the component units that implementation of new reporting standards relating to impairment of capital assets was required for compilation of the State's CAFR. For those component units with fiscal year-end dates of September 30, 2005, the notification was not made in a timely enough manner to ensure that the component unit audited financial statements included the additional information.</p>
<b>Cause</b>	SFRS procedures to notify the affected component units of the need to early implement reporting standards related to the impairment of capital assets were not performed in a timely manner.
<b>Effect</b>	The effect is not readily determinable since the additional information required by the standard was not included in the audited statements of applicable component units.
<b>Recommendation</b>	We recommend that SFRS enhance its procedures to ensure that each applicable component unit is timely notified when the component unit's early implementation of new standards may be required.

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<b>State Agency Response and Corrective Action Plan</b>	We concur. State agencies were notified on June 6, 2006, of the State's implementation schedule for all new GASB standards, and requested they notify their component units of this schedule. We will continue to monitor the implementation schedules of all new GASB statements and notify the State agencies, at least annually, of implementation requirements. We have also added this item to the Statewide Financial Reporting Section Task List.
<b>Agency Contact and Telephone Number</b>	Timothy Hsieh (850) 413-5746
<b>Estimated Corrective Action Date</b>	Immediately added to checklist.

## ADDITIONAL MATTERS

### REQUIRED SUPPLEMENTARY INFORMATION

#### BUDGETARY COMPARISON SCHEDULES

<b>Finding Number</b>	<b>FS 06-012</b>
<b>SW Fund Number</b>	Various
<b>State Agency</b>	<b>Florida Department of Financial Services (FDFS)</b>
<b>Finding</b>	FDFS, Statewide Financial Reporting Section's, (SFRS) methodology for compiling the Budgetary Comparison Schedules for the General Fund and the Major and Nonmajor Special Revenue Funds was not consistent with generally accepted accounting principles (GAAP).
<b>Criteria</b>	GAAP, as established by the Governmental Accounting Standards Board (GASB) Statement No. 34, provides that the original budget is the first complete appropriated budget. The original appropriated budget is determined by the expenditure authority created by the appropriation bills that are signed into law and the related estimated revenues, which may be adjusted by supplemental appropriation and other legally authorized legislative and executive changes before the beginning of the fiscal year. The final budget is the original budget adjusted by all other legally authorized legislative and executive changes applicable to the fiscal year.
<b>Condition</b>	<p>The Comprehensive Annual Financial Report contains Budgetary Comparison Schedules as Required Supplementary Information. The Budgetary Comparison Schedules present budgetary information for the original and final budgets pertaining to both estimated revenues and expenditures. Our review of the methodology used by SFRS to prepare the Budgetary Comparison Schedules disclosed the following:</p> <ul style="list-style-type: none"> <li>• <u>Budgeted Revenues.</u> Estimated revenues for the original and final budget for the General Fund were obtained from Financial Outlook Statements prepared and published by the Office of Economic and Demographic Research. The original budget should be based on the June 2005 Outlook Statement and the final budget should be based on the July 2006 Outlook Statement. However, SFRS procedures provided that the amounts for the original and final budgets be obtained using November 2005 and March 2006 Outlook Statements, respectively. Since the November 2005 Outlook Statement included legislative and executive changes made after the fiscal year began, the June 2005 Outlook Statement, which included the latest estimated revenues before the beginning of the fiscal year, would more appropriately present the original budget for estimated revenues. Similarly, since the March 2006 Outlook Statement would not include all legislative and executive changes applicable to the fiscal year, the July 2006 Outlook Statement, which included all legally authorized changes that were applicable to the fiscal year, would more appropriately present the final budget for estimated revenues.</li> <li>• <u>Budgeted Expenditures.</u> Expenditures for the original and final budget were obtained from amounts specified on the Budgetary Basis Summary Report prepared from the Central Accounting Component (CAC) of FLAIR. The Budgetary Basis Summary Report provides summary amounts for General Appropriations, Additional Appropriations, and Supplemental Appropriations. However, the use of this report does not give consideration as to whether the approval for the Additional Appropriations and Supplemental Appropriations occurred prior to the beginning of the year. Additionally, for some expenditure items, SFRS procedures specified that actual disbursement amounts be reported as the amount for both the original and final budgets.</li> </ul>

<b>Cause</b>	SFRS staff indicated that the rationale for using the November and March Outlook Statements for preparing the Budgetary Comparison Statement for the General Fund was not readily available. For expenditures, the CAC report used to prepare the Budgetary Comparison Schedules did not provide the level of information needed to determine when certain budget items were legally approved.
<b>Effect</b>	SFRS staff corrected the Budgetary Comparison Schedules for the General Fund for estimated revenues. The Budgetary Comparison Schedules for the General Fund and the Major and Nonmajor Special Revenue Funds may not accurately present in the original budget all Additional and Supplemental Appropriations made prior to the beginning of the fiscal year.
<b>Recommendation</b>	We recommend that SFRS staff review the methodology for preparing the Budgetary Comparison Schedules and make necessary revisions to ensure that amounts are reported in accordance with GAAP.
<b>State Agency Response and Corrective Action Plan</b>	We concur. The 2006 Comprehensive Annual Financial Report (CAFR) was revised using the June 2005 and July 2006 Financial Outlook Statements. Procedures have been modified to require use of Financial Outlook Statements approved prior to the beginning of the fiscal year and after the end of the fiscal year for the original and final budgets, respectively. In addition, we will review our methodology and procedures used in preparing the Original and Final Budgeted Expenditures for the 2007 CAFR and will update them to ensure GAAP compliance.
<b>Agency Contact and Telephone Number</b>	Timothy Hsieh (850) 413-5746
<b>Estimated Corrective Action Date</b>	Budgeted Revenues were corrected in the latest draft of the 2006 CAFR submitted to the Auditor General's Office. Revisions in procedures for Budgeted Expenditures will be updated for the 2007 CAFR by June 1, 2007.

## ADDITIONAL MATTERS

### FLORIDA FINANCIAL STATEMENTS CHECKLIST

<b>Finding Number</b>	<b>FS 06-013</b>
<b>State Agency</b>	<b>Florida Department of Financial Services (FDfs)</b>
<b>OLO-GF-SF-FID</b>	Various
<b>GL Code(s)</b>	Various
<b>Finding</b>	State agencies' performance related to year-end financial tasks has improved since the implementation of the Statewide Financial Statements Compliance Checklist (Checklist). However, improvements were still needed to obtain the full benefit of the Checklist.
<b>Criteria</b>	The Statewide Financial Reporting Section (SFRS) developed and implemented the Checklist for use in the compilation of the State's financial statements for the fiscal year ended June 30, 2003. The Checklist identifies 20 tasks to be accomplished by staff at each agency, and the SFRS requires all State agencies to certify that the tasks have been properly completed. Tasks include, but are not limited to, certifying that the trial balance for every fund within the agency is in balance; beginning fund balances or net assets are in agreement with the prior year ending fund balances or net assets; investment balances reported by the agency are in agreement with the investment balances reported by the State Treasury; and all required forms that support information in the agency's trial balances have been timely completed.
<b>Condition</b>	<p>In order to timely compile the State's financial statements, SFRS depends on each agency to accomplish the 20 tasks identified on the Checklist. For 17 tasks, data submitted by the various agencies could readily be used to determine whether agency personnel properly performed the tasks. As part of our audit, we evaluated each agency's performance of the 17 tasks and compared that performance to the respective agency's representation of its performance, as documented on the Checklist. Our evaluation disclosed the following:</p> <ul style="list-style-type: none"> <li>• Our tests of the underlying data for the applicable 17 tasks disclosed that 31 of the 33 agencies did not properly complete all of the required tasks. The number of tasks not completed ranged from one to seven per agency. In these instances, the Checklist response indicated that the task had been properly completed.</li> <li>• The Checklist for 10 of the 33 agencies included for particular tasks notations indicating that the agency had not completed the tasks. The number of tasks not completed ranged from one to five tasks per agency.</li> </ul>
<b>Cause</b>	Agencies did not, in all instances, accomplish the tasks identified on the Checklist.
<b>Effect</b>	Agencies' performance of the tasks identified on the Checklist directly impacts the efficiency and effectiveness of the processes used by SFRS staff to compile the State's financial statements.
<b>Recommendation</b>	We recommend that SFRS staff consider each agency's performance of the Checklist tasks and consult, as necessary, with agencies to identify ways to further improve agency cooperation.
<b>State Agency Response and Corrective Action Plan</b>	We concur. We will consider each agency's performance of the Checklist tasks and consult with agencies as appropriate.
<b>Agency Contact and Telephone Number</b>	Timothy Hsieh (850) 413-5746
<b>Estimated Corrective Action Date</b>	Fiscal year ending June 30, 2007



## ADDITIONAL MATTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	<b>FS 06-014</b>
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FS 05-07
<b>Finding</b>	The institution did not have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were correctly identified as to funding source, were complete and accurate, and were supported by the accounting records. Consequently, there were instances where the institution misstated Federal award expenditures, did not determine whether State funds were excluded from some Federal amounts reported, or failed to include Federal grant or contract numbers on the SEFA.
<b>Criteria</b>	OMB Circular A-133, Section .310(b), Schedule of Expenditures of Federal Awards
<b>Condition</b>	<p>Our preliminary review of the institution's SEFA submitted to the Florida Department of Education (FDOE) disclosed the following errors:</p> <ul style="list-style-type: none"> <li>• For 28 of 75 programs, the institution's accounting records supporting the expenditures indicated these programs had more than one source of funds. However, the institution did not, of record, determine whether the source of funding for the expenditures reported for these programs was correct.</li> <li>• Some amounts reported on the SEFA did not agree with the institution's accounting records because funding flowed through a State agency and contained both State and Federal funds. Although the institution provided an analysis of projects indicating that the allocation of the Federal share totaled \$22,732,444.38, the Federal amount reported on the SEFA for funds flowing through a State agency was \$25,574,905.96, or \$2,842,461.58 greater than the total per the analysis.</li> <li>• For at least 630 grants (including 90 grants received from indirect grantors) with expenditures totaling approximately \$19 million for which the institution reported an incomplete CFDA number (e.g., XX.999), the institution did not include the Federal grant or contract number, although this information is required to be reported.</li> <li>• For at least 90 grants received from indirect grantors with expenditures totaling approximately \$5.5 million, although the institution identified the complete CFDA number, the institution did not include the Federal grant or contract number even though this information is required to be reported for programs with indirect grantors.</li> </ul> <p>The institution reported expenditures totaling \$518,134,569.80 on the final SEFA.</p>
<b>Cause</b>	The institution implemented a new accounting system on July 1, 2004, but had not yet implemented adequate procedures to ensure underlying data used in preparing the SEFA is complete and accurate, and the institution did not have adequate procedures for reviewing the SEFA to detect reporting errors prior to submission of the SEFA to FDOE.
<b>Effect</b>	Without adequate procedures, the institution may include inaccurate or incomplete information on the SEFA.

<b>Recommendation</b>	The institution should implement adequate procedures to ensure that information reported on the SEFA is complete, accurate, and supported by the accounting records.
<b>UF Response and Corrective Action Plan</b>	<p>The University submitted expenditures on the SEFA for more than 4,280 projects for the fiscal year ended June 30, 2006, and is pleased to recognize considerable improvements by departments in their recording of expenditures and fiscal reporting. We offer the following comments to the conditions stated above.</p> <p>Item 1: UF does not currently have combination edits in the accounting system to validate the Source of Funds (SOF) entered on project transactions. For preparation of the SEFA and to minimize discrepancies caused by SOF input errors, the SOF on the award profile was used as a definitive source, and not the SOF indicated on individual ledger detail transactions. For a majority of the stated 28 of 75 projects tested, we determined the impact of SOF differences was both negligible and immaterial to the project. Central Administration has provided departments with various tools to evaluate project expenditures on a regular basis, including monthly project-specific transaction detail reports, and we feel confident that departments are actively using these tools to make any necessary corrections and to ensure that project expenditures are being properly recorded. We also believe that the project number is a key known value input by departments when charging expenditures. As a result, the chances of a project being charged in error and it going undetected are minimal. We will work to establish combination edits that will further minimize user input errors when recording project expenditures. We will also coordinate with the Division of Sponsored Research and the Contracts and Grants offices to improve consistency in assigning the SOF value during the award setup process.</p> <p>Item 2: Subsequent review of the projects accounting for the \$2.8M difference determined that Federal expenditures were only overstated by \$43,206 and was not considered to material to the expenditures reported. We will modify our processes to include a more comprehensive review of all projects included on the SEFA that are identified as flowing through a State agency, regardless of their assigned SOF.</p> <p>Items 3 and 4: During preparation of the SEFA, we determined that many awards received by UF from indirect grantors did not include an identifying number assigned by the pass-through grantor. In many cases, we recorded the indirect grantor name in the accounting system as the identifying reference. The instructions provided by FDFS for preparation of the SEFA stated that, "If the grantor did not provide a grantor number, indicate N/A." For those projects reviewed and where a reference number had not been provided by the grantor, we indicated N/A as instructed. We will work with the Division of Sponsored Research and the Contracts and Grants offices to improve data consistency and to better meet reporting requirements by obtaining and recording the necessary Federal grant or contract numbers from indirect grantors at the time of award setup.</p>
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	June 30, 2007

## ADDITIONAL MATTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	<b>FS 06-015</b>
<b>State Educational Entity</b>	<b>Florida International University (FIU)</b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FS 05-06
<b>Finding</b>	The institution did not have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were classified correctly, were complete and accurate, and were supported by the accounting records. Consequently, there were instances where the institution misstated Federal award expenditures, incorrectly classified indirect grantors as direct, and failed to include Federal grant or contract numbers on the SEFA, which required the institution to submit corrected SEFAs three times to the Florida Department of Education (FDOE).
<b>Criteria</b>	OMB Circular A-133, Section .310(b), Schedule of Expenditures of Federal Awards
<b>Condition</b>	<p>Our preliminary review of the institution's SEFA submitted to FDOE disclosed the following errors:</p> <ul style="list-style-type: none"> <li>• Title IV Higher Education Act (HEA) Student Financial Assistance Cluster program expenditures were understated by \$9,658,461.</li> <li>• The institution incorrectly reported subrecipient payments to Florida public universities as subgranted to non-state entities (reported as transfers to subrecipients on the SEFA for the State of Florida), whereas only subrecipient payments to non-state entities should be reported as such. This resulted in non-state entity subrecipient expenditures being overstated by \$1,628,937.55.</li> <li>• For 18 programs for which the institution reported a complete CFDA number, the institution incorrectly classified indirect grantors as direct, and did not include the Federal grant or contract number, although this information is required to be reported for programs with indirect grantors.</li> <li>• For 42 programs for which the institution reported an incomplete CFDA number (e.g. XX.999), the institution did not include the Federal grant or contract number, although this information is required to be reported.</li> </ul> <p>The institution made corrections to address the reporting errors disclosed by our preliminary review and resubmitted the SEFA three times to FDOE. The institution reported expenditures totaling \$177,557,660.75 on the final resubmitted SEFA.</p>
<b>Cause</b>	The institution did not have adequate procedures for reviewing the SEFA to detect reporting errors prior to submission of the SEFA to FDOE.
<b>Effect</b>	Without adequate procedures, the institution may include inaccurate or incomplete information on the SEFA.
<b>Recommendation</b>	The institution should implement adequate procedures to ensure that information reported on the SEFA is complete, accurate, and supported by the accounting records.
<b>FIU Response and Corrective Action Plan</b>	<p>As stated in the auditors finding, the four bullet points were corrected on the final SEFA submitted to the State.</p> <p>With regards to the first bullet point, the understated amount relates to the Perkins and FFEL programs. We originally reported total Perkins and FFEL disbursements made in fiscal year 05-06. Subsequent to the auditor's review, the</p>

outstanding loan balance for Perkins and the maximum loan available to the students for FFEL was also included with the amount disbursed.

With regards to the remaining bullet points, our records have been changed to include this information in subsequent filings.

University personnel thoroughly reviewed the directions for completing the SEFA report. The university areas responsible for the SEFA have clarified the state's instructions on the data that should be displayed in each column for the final SEFA report. University personnel have documented the instructions for inclusion in the preparation for next year's SEFA report. The basis and source of financial aid information has also been identified and documented.

**FIU Response Contact and  
Telephone Number**

Francisco Valines, Director of Financial Aid

(305) 348-2333

Joseph Barabino, Associate VP Sponsored Research

(305) 348-2494

**Estimated Corrective  
Action Date**

Completed

## ADDITIONAL MATTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	<b>FS 06-016</b>
<b>State Educational Entity</b>	<b>University of South Florida (USF)</b>
<b>Finding</b>	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 supported by the accounting records. Consequently, there were instances where the institution did not report, or misstated, Federal award expenditures on the SEFA.
<b>Criteria</b>	OMB Circular A-133, Section .310(b), Schedule of Expenditures of Federal Awards
<b>Condition</b>	<p>Our review disclosed that expenditures totaling \$1,978,432.16 for the following seven Federal contracts were either reported on the SEFA subsequent to audit inquiry, or excluded from, the institution's SEFA:</p> <ul style="list-style-type: none"> <li>• CFDA No. 84.181 – Special Education Grants for Infants and Families with Disabilities \$1,199,456.33 (COQKE, July 1, 2005 – June 30, 2008)</li> <li>• CFDA No. 93.558 – Temporary Assistance for Needy Families \$273,223.33 (COQKE, July 1, 2005 – June 30, 2008)</li> <li>• CFDA No. 93.778 – Medical Assistance Program (Medicaid; Title XIX) \$17,240.50 (COQFR, July 1, 2003 – June 30, 2006)</li> <li>• CFDA No. 93.914 – HIV Emergency Relief Project Grants \$309,063.00 (04-1250, July 20, 2005 – February 28, 2007 and 04-0297, March 1, 2004 – February 28, 2007, with Hillsborough County as the Pass Through Agency)</li> <li>• CFDA No. 93.994 – Maternal and Child Health Services Block Grant to the States (MCH Block Grants) \$179,449.00 (COQFN and COQFY, July 1, 2003 – June 30, 2006)</li> </ul> <p>For five of the contracts, funds totaling \$1,669,369.16 were disbursed directly from the Florida Department of Health, and funds totaling \$309,063.00 for the other two contracts were disbursed indirectly from Hillsborough County. The funds were paid to the institution's Faculty Practice Plan administered by the University Medical Services Association, Inc. (UMSA), a component unit of the institution, thereby bypassing the institution's general accounting function and internal controls, without knowledge of the Division of Sponsored Research and contrary to institution policy. (See finding No. FA 06-034) subsequent to audit inquiry, the institution included the expenditures for two of the contracts (CFDA No. 84.181, \$1,199,456.33 and CFDA No. 93.558, \$273,223.33) on the SEFA. For the other five Federal contracts, expenditures totaling \$505,752.50 (CFDA No. 93.914 \$309,063.00, CFDA No. 93.778 \$17,240.50, and CFDA No. 93.994, \$179,449.00) were reported on the institution's SEFA through audit adjustments. The institution reported expenditures totaling \$317,613,498.32 on the final audited SEFA.</p>
<b>Cause</b>	Due to the institution's lack of adequate oversight procedures, other affiliated organizations were able to redirect these Federal funds to their organizations without the institution's Division of Sponsored Research's knowledge and oversight.
<b>Effect</b>	Failure to subject Federal contracts to the institution's oversight and controls may result in the institution including inaccurate or incomplete information on the SEFA.

<b>Recommendation</b>	The institution should implement adequate procedures to ensure that Federal contracts for which the institution has responsibility are subjected to the institution's oversight and controls.
<b>USF Response and Corrective Action Plan</b>	USF will require other affiliated organizations develop documentation that will reflect all entities have followed established procedures for the administration of research awards.
<b>USF Contact and Telephone Number</b>	Nick Trivunovich (813) 974-6061
<b>Estimated Corrective Action Date</b>	June 30, 2007

## ADDITIONAL MATTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	<b>FS 06-017</b>
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Finding</b>	The institution did not have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were classified correctly, were complete and accurate, and were supported by the accounting records. Consequently, there were instances where the institution did not report, or misstated, Federal award expenditures on the SEFA, which required the institution to submit corrected SEFAs three times to the Florida Department of Education (FDOE).
<b>Criteria</b>	OMB Circular A-133, Sections .310(b), Schedule of Expenditures of Federal Awards
<b>Condition</b>	<p>Our preliminary review of the institution's SEFA submitted to FDOE disclosed the following errors:</p> <ul style="list-style-type: none"> <li>• For four programs in the Student Financial Assistance Cluster, the institution reported budgeted expenditures totaling \$81,035,408.24, instead of actual expenditures of \$80,032,801.49.</li> <li>• For 15 grants with expenditures totaling \$705,583.52, CFDA numbers were not reported although institution records indicated they were Federally-funded and should have been included on the institution's SEFA.</li> <li>• Expenditures totaling \$889,308.67 for 35 grants, and expenditures totaling negative \$1,358,517.33 for 25 grants, were not reported, resulting in a net \$469,208.66 overstatement of expenditures.</li> <li>• For 22 grants, the institution reported subrecipient expenditures totaling \$3,713,050.85, which was \$1,144,095.96 more than the amount recorded in the accounting records.</li> <li>• For 272 grants with expenditures totaling \$15,072,962.93, the institution did not determine which grants should or should not be included on the SEFA.</li> <li>• The institution reported expenditures for one grant twice, resulting in an \$82,111.89 overstatement of expenditures.</li> <li>• For at least 21 grants with expenditures totaling \$917,460.95, the institution did not classify the source of funding correctly as direct (received directly from a Federal agency), state (received from another State entity), and indirect (received from other than a Federal or State entity).</li> <li>• For at least 20 grants with expenditures totaling \$3,968,754.67, the institution did not correctly identify the cluster.</li> <li>• For 17 grants, the institution incorrectly reported \$365,532.10 of direct expenditures as indirect.</li> </ul> <p>The institution made corrections to address the reporting errors disclosed by our preliminary review and resubmitted the SEFA three times to FDOE. The institution reported expenditures totaling \$118,737,118.35 on the final resubmitted SEFA.</p>

<b>Cause</b>	The institution implemented a new accounting system on July 1, 2004, but had not yet implemented adequate procedures for reviewing the SEFA to detect reporting errors prior to submission of the SEFA to FDOE.
<b>Effect</b>	Without adequate procedures, the institution may include inaccurate or incomplete information on the SEFA.
<b>Recommendation</b>	The institution should implement adequate procedures to ensure that information reported on the SEFA is complete, accurate, and supported by the accounting records.
<b>FAMU Response and Corrective Action Plan</b>	<p>We concur with the preliminary and tentative findings pertaining to the SEFA. As stated by the auditors, staff made corrections to address findings noted pertaining to review of the SEFA. The University resubmitted the SEFA and the amount of expenditures reported reconciled with the University's accounting records.</p> <p>The deficiencies noted by the auditors appear to pertain to the following categories:</p> <ol style="list-style-type: none"> <li>1. Completeness-All Federal expenditures for the fiscal year ended June 30, 2006, should be included in the SEFA.</li> <li>2. Accuracy-Expenditures reported on the SEFA should agree with accounting records.</li> <li>3. Presentation-Expenditures are correctly classified as to indirect versus direct, clusters are properly identified, etc., that are included on the SEFA.</li> </ol> <p>To ensure the accuracy and reliability of financial reporting pertaining to the SEFA, the Division of Research will develop additional procedures and an internal control checklist in conjunction with the Office of the Comptroller, Student Financial Services, and other stakeholders to ensure that information reported on the SEFA is complete, accurate and supported by the accounting records.</p> <p>Although the corrective action date for our plan is June 30, 2007, we have already begun to address issues noted in the review by the Auditor General.</p>
<b>FAMU Contact and Telephone Number</b>	Rufus R. Little, III (850) 412-5480
<b>Estimated Corrective Action Date</b>	June 30, 2007



## ADDITIONAL MATTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	<b>FS 06-018</b>
<b>State Educational Entity</b>	<b>Florida Atlantic University (FAU)</b>
<b>Finding</b>	The institution submitted their Schedule of Expenditures of Federal Awards (SEFA) seven days late, and material errors and omissions required the institution to resubmit a corrected SEFA seven days after the initial submission. Subsequently, our audit disclosed duplicate items and other errors requiring corrections through audit adjustments.
<b>Criteria</b>	OMB Circular A-133, Section .310(b), Schedule of Expenditures of Federal Awards
<b>Condition</b>	Our preliminary review of the institution's SEFA submitted to the Florida Department of Education (FDOE) disclosed that material accounts relating to the Federal Family Education Loan Program (\$58,937,241.02) and the Federal Perkins Loan Program (\$1,980,333.77) were excluded from the SEFA that was initially submitted seven days after the due date. In addition, we noted corrections were needed to eliminate negative expenditures, and to correct program titles and cluster designations. The institution made corrections to address the errors disclosed by our preliminary review and resubmitted the SEFA seven days after the initial submission. Subsequently, we noted some duplicate accounts and other minor errors, and corrected them through audit adjustments. The institution reported expenditures totaling \$100,635,851.86 on the final audited SEFA.
<b>Cause</b>	There was a lack of communication between various institution departments regarding due dates and responsibilities for providing information to be included on the SEFA within the required timeframe, coupled with a lack of adequate procedures for reviewing the SEFA to detect reporting errors prior to submission of the SEFA to FDOE.
<b>Effect</b>	Without adequate procedures, the institution may include inaccurate or incomplete information on the SEFA and the SEFA may not be timely submitted to FDOE.
<b>Recommendation</b>	The institution should implement adequate procedures to ensure timely submission of the SEFA, and to ensure that information on the SEFA is complete, accurate, and supported by the accounting records.
<b>FAU Response and Corrective Action Plan</b>	The University agrees with the recommendation. The Division of Research will ensure the timely and accurate submission of the SEFA to FDOE.
<b>FAU Contact and Telephone Number</b>	Jay R. Semmel, CPA, Assistant Vice President-Finance, Division of Research (561) 297-0118
<b>Estimated Corrective Action Date</b>	January 1, 2007

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**FEDERAL FINDINGS AND QUESTIONED COSTS**

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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, generally, by Federal grantor agency and in the order of the Catalog of Federal Domestic Assistance Number (CFDA No.) assigned to each applicable Federal award program. Findings that pertain to multiple programs 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. Findings for the Research and Development Programs Cluster and the Student Financial Assistance Cluster are presented within separately marked sections of the report. 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

<b>Finding Number</b>	<b>FA 06-001</b>
<b>CFDA Number</b>	<b>10.025</b>
<b>Program Title</b>	<b>Plant and Animal Disease, Pest Control, and Animal Care Program</b>
<b>Compliance Requirement</b>	Special Tests and Provisions
<b>State Agency</b>	<b>Florida Department of Agriculture and Consumer Services (FDACS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-8312-0145-CA
<b>Finding Type</b>	Opinion Qualification, Material Weakness, and Reportable Condition
<b>Finding</b>	FDACS did not maintain citrus canker records in a manner that facilitated reasonable access to demonstrate compliance with required enforcement procedures.
<b>Criteria</b>	Articles 3.d. and 4.b. of the Cooperative Agreement between the FDACS and the United States Department of Agriculture
<b>Condition</b>	<p>We selected ten citrus businesses operating in quarantine areas that were to be inspected during the 2005-06 fiscal year according to FDACS records. For these 10 businesses, FDACS could not provide:</p> <ul style="list-style-type: none"> <li>• For five businesses, inspection forms and checklists,</li> <li>• For two businesses, compliance agreements that documented the business' agreement to comply with Federal requirements regarding affected citrus products, and</li> <li>• For one business, appropriate permits for the movement of citrus fruit, tree debris, or equipment from quarantined to nonquarantined areas.</li> </ul>
<b>Cause</b>	The Program is being discontinued due to the spread of citrus canker caused by the 2004 and 2005 hurricane seasons. FDACS staff indicated that citrus canker records were placed into storage in a manner that would require extensive efforts to locate the specific documents requested and that they lack the resources to perform such a search.
<b>Effect</b>	Absent the availability of documentation of inspections and compliance agreements with citrus businesses operating in quarantine areas, FDACS cannot demonstrate that required inspections were made or that compliance agreements were obtained.
<b>Recommendation</b>	FDACS personnel have indicated that they do not anticipate that inspections will be required for the next season. We recommend that future records of all required activities of any kind be maintained in an accessible manner so that FDACS is able to readily demonstrate the extent of compliance with Program requirements.
<b>State Agency Response and Corrective Action Plan</b>	The program discontinuance which included many office closures and employee layoffs is the only reason that records were relocated to storage facilities and unfortunately not readily accessible for this audit. Should similar circumstances occur in the future, the Department will strive to maintain accessibility to records to demonstrate compliance with requirements.
<b>Agency Contact and Telephone Number</b>	Connie Riherd, Assistant Director, Division of Plant Industry (352) 372-3505
<b>Estimated Corrective Action Date</b>	January 3, 2007

## U.S. DEPARTMENT OF AGRICULTURE

<b>Finding Number</b>	<b>FA 06-002</b>
<b>CFDA Number</b>	<b>10.555</b>
<b>Program Title</b>	<b>National School Lunch Program</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	3005A and 3006A
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$1,188.20
<b>Finding</b>	FDOE Food and Nutrition Management procedures were not sufficient to detect errors in sponsor input prior to making reimbursement payments.
<b>Criteria</b>	7 CFR 210.8 (b)(2), <i>Claims for Reimbursement</i>
<b>Condition</b>	<p>Sponsors are required to submit claims monthly to FDOE for reimbursement using the Child Nutrition Program (CNP) online claims system. FDOE is required to ensure that the number of monthly meals claimed is based on the number of eligible children approved at the sponsor's site. The maximum reimbursement a sponsor can claim is based on the number of days that meals were served multiplied by the number of approved children.</p> <p>Our review and recalculation of 40 sponsor reimbursement transactions disclosed that 2 sponsors had submitted claims for meals served that exceeded the maximum reimbursement, as computed by multiplying the number of days meals were served by the number of approved children. FDOE reimbursed the 2 sponsors based on erroneous information input into the system by the sponsors, resulting in an overpayment totaling \$1,188.20 (Grant 3005A - \$25.22 and Grant 3006A - \$1,162.98).</p>
<b>Cause</b>	FDOE staff indicated that the sponsors made clerical errors when the information was input. These errors were not detected by FDOE staff or edit checks in the system.
<b>Effect</b>	The lack of appropriate system edits or a manual verification process could result in excess payments to sponsors. Additionally, input errors could affect the accuracy of amounts reported to USDA.
<b>Recommendation</b>	We recommend that FDOE establish edits within the CNP online claims system to prevent payments where meals claimed exceed the number of days meals were served multiplied by the number of approved children. Alternatively, FDOE should perform manual reviews to ensure claims are entered and paid correctly.
<b>State Agency Response and Corrective Action Plan</b>	<p>An automated edit of the Child Nutrition Program (CNP) online claims system was installed on July 11, 2006. This edit of claims for reimbursement multiplies the number of free, reduced and paid students (approved) by the attendance factor reported in the sponsor application. If the number of meals claimed exceed 100% of the attendance factor, the reimbursement will not be processed. Food and Nutrition Management (FNM) is electronically recalculating claims submitted prior to the installation of the edit system to determine whether any errors occurred. It should be noted that, during the audit period, over \$500 million in CNP claims were processed and paid. The finding discloses two items which total \$1,188.20.</p> <p>The overpayment of \$1,162.98 referred to above has been corrected and restitution by the sponsor will be made upon completion of the documentation and approval by FNM. The error of \$25.22 has been corrected by the sponsor and the revised claim was approved by FNM.</p>

**Agency Contact and  
Telephone Number**

Diane Santoro, Program Administrator, Food and Nutrition Management  
(850) 245-9252

**Estimated Corrective  
Action Date**

The edit of the Child Nutrition Program online system was installed July 11, 2006.

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## U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

<b>Finding Number</b>	<b>FA 06-003</b>
<b>CFDA Number</b>	<b>14.228</b>
<b>Program Title</b>	<b>Community Development Block Grants/State's Program (CDBG)</b>
<b>Compliance Requirement</b>	Cash Management
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	B-03-DC-12-0001 and B-02-DC-12-0001
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-003
<b>Finding</b>	FDCA did not have procedures to reconcile CDBG grant balances, draws, and disbursements recorded in the State's accounting records (FLAIR) with the U.S. Department of Housing and Urban Development (USDHUD) Integrated Disbursement and Information System (IDIS).
<b>Criteria</b>	24 CFR 85.20, USDHUD, <i>Standards for Financial Management Systems</i>
<b>Condition</b>	FDCA draws Federal funds for CDBG based on disbursements recorded in FLAIR. Our review of three draws totaling \$675,497.73 disclosed that the amounts recorded in IDIS for two draws did not agree with the underlying disbursements recorded in FLAIR. The differences totaled \$41,926.68 and resulted in disparities between grant balances, draws, and disbursements recorded in FLAIR and IDIS.
<b>Cause</b>	FDCA had not established procedures to reconcile CDBG grant balances, draws, and disbursements recorded in FLAIR with IDIS during the 2005-06 fiscal year. FDCA indicated that Finance and Accounting staff are working with FDCA program and USDHUD staff to implement appropriate reconciliation procedures in the 2006-07 fiscal year.
<b>Effect</b>	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.
<b>Recommendation</b>	FDCA staff corrected the differences in IDIS subsequent to audit inquiry. However, we recommend that FDCA develop procedures to reconcile CDBG grant balances, draws, and disbursements recorded in FLAIR with IDIS.
<b>State Agency Response and Corrective Action Plan</b>	<p>CDBG staff will reconcile quarterly CDBG's Grants Record Information Tracking System (GRITS) to HUD's Integrated Disbursement and Information System (IDIS). We will continue to reconcile GRITS on a monthly basis to 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.</p> <p>CDBG also worked with HUD to schedule IDIS training for Finance and Accounting and CDBG that was geared to financial reporting and reconciliation.</p> <p>Finance and Accounting reconciles the Finance and Accounting Summary Reports and the Grant Ledgers monthly to the IDIS report (C04PR02) recommended by HUD to ensure that the grant balances, draws and disbursements recorded in FLAIR and IDIS agree. If there are any discrepancies, Finance and Accounting staff works with the CDBG program staff to resolve these issues and make sure the appropriate adjustments are made to the applicable system.</p>



**Agency Contact and  
Telephone Number**

Florence Ferrell  
(850) 922-1639  
Colleen Matthews  
(850) 487-3644

**Estimated Corrective  
Action Date**

This practice was initiated during the 06/07 state fiscal year.

**U.S. DEPARTMENT OF LABOR**

**Finding Number** FA 06-004  
**CFDA Number** Various (See Condition)  
**Program Title** Various (See Condition)  
**Compliance Requirement** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring  
**State Agency** Florida Agency for Workforce Innovation (FAWI)  
**Federal Grant/Contract Number and Grant Year** Various (See Condition)  
**Finding Type** Reportable Condition  
 Questioned Costs – \$566,850.39

**Finding** FAWI charged contract costs for limited scope audits of subrecipients directly to various Federal awards programs even though the subrecipients' expenditures exceeded the threshold for a single audit.

**Criteria** OMB Circular A-133, §\_\_.230(b), *Unallowable Costs* and OMB Circular A-133 Compliance Supplement, *Subrecipient Monitoring*

**Condition** FAWI contracted with independent Certified Public Accounting (CPA) firms to provide agreed-upon procedures for the financial monitoring of the State's 24 Regional Workforce Boards (RWBs) and 31 local Early Learning Coalitions (ELCs). OMB Circular A-133 states that a pass-through entity may charge Federal awards for the cost of limited scope audits (i.e., agreed-upon procedures) to monitor subrecipients provided that the subrecipient does not have a single audit. However, each of the RWBs and ELCs received a single audit as their expenditures of Federal awards exceeded the \$500,000 threshold established by OMB Circular A-133.

During the 2005-06 fiscal year, FAWI paid the CPA firms \$566,850.39 for the agreed-upon financial monitoring procedures performed and directly allocated the payments to the following Federal awards programs and applicable grant numbers:

CFDA Number	Program Title	Federal Grant Number	Amount
10.561	State Administrative Matching Grants for Food Stamp Program	N/A	\$10,290.16
17.207	Employment Service/Wagner-Peyser Funded Activities	ES-13990-04-55	\$8,166
		ES-14858-05-55	\$22,201
17.258, 17.259, 17.260	Workforce Investment Act Cluster	AA-13792-04-50	\$127,070.84
		AA-14669-05-55	\$109,540.43
93.558	Temporary Assistance for Needy Families	N/A	\$176,916.16
93.575	Child Care and Development Block Grant	G-0602FLCCDF	\$112,665.80

**Cause** FAWI procedures allow for contracting for the required monitoring of subrecipients. In addition, FAWI staff indicated that, in their opinion, as 20 CFR Chapter V (USDOL Section 667.410, *What are the oversight roles and responsibilities of recipients and subrecipients?*) requires annual on-site

	monitoring of each RWB receiving WIA funds, the costs related to financial monitoring are considered allowable costs.
<b>Effect</b>	Federal awards programs were charged for the unallowable costs of contracts for agreed-upon financial subrecipient monitoring procedures.
<b>Recommendation</b>	We recommend that FAWI staff reconsider their decision to contract for the financial monitoring of the RWBs and ELCs and charge the costs to Federal awards programs.
<b>State Agency Response and Corrective Action Plan</b>	<p>FAWI recognizes that the funds for which it is responsible are the "people's" funds and that it is incumbent upon FAWI to be a good steward of these funds and to follow all applicable rules and regulations. We have carefully reviewed this finding concerning the charging of Federal awards programs for unallowable financial monitoring contract services.</p> <p>Specifically, FAWI financial and legal staff reviewed the Auditor General's finding and pertinent OMB Circular provisions. Staff is of the opinion that contract costs for financial monitoring of subrecipients are allowable charges to Federal awards under OMB Circular A-133, section __.400(d)(3) and that OMB Circular, section __.230(b)(2), cited as a basis for the Auditor General finding, should be applied only to subrecipients who expend less than \$500,000 in a fiscal year. Additionally, no prohibition was found for using an outside agent, including an audit or CPA firm to do financial monitoring on its behalf.</p> <p>OMB Circular, section __.230 (b) (2), states:</p> <p>Section __. 230(b) Unallowable costs. A non-Federal entity shall not charge the following to a Federal award:</p> <p>(2) The cost of auditing a non-Federal entity which has Federal awards expended of less than \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) per year and is thereby exempted under § __.200(d) from having an audit conducted under this part. However, this does not prohibit a pass-through entity from charging Federal awards for the cost of limited scope audits to monitor its subrecipients in accordance with § __.400(d)(3), provided the subrecipient does not have a single audit. For purposes of this part, limited scope audits only include agreed-upon procedures engagements conducted in accordance with either the AICPA's generally accepted auditing standards or attestation standards, that are paid for and arranged by a pass-through entity and address only one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort, earmarking; and, reporting.</p> <p>Because the "single audit" reference is included in a paragraph covering subrecipients that expend less than \$500,000 in a fiscal year, the limitation on charging for limited scope audits should be found to apply only to a subrecipient who has expenditures of less than \$500,000 and has received a single audit. All subrecipients for whom FAWI charged contracted financial monitoring services expended Federal grant funds in excess of \$500,000 for the fiscal year. Therefore, the limitation imposed by OMB Circular A-133 section __.230 (b) (2) should not be found applicable and the contracted financial monitoring costs should be found to be allowable costs.</p> <p>FAWI has also sought assurance from the Federal grantor agency, the United States Department of Labor (USDOL), that it has interpreted applicable OMB circular provisions and charged these costs accordingly. We have received written confirmation from USDOL (copy provided).</p>
<b>Agency Contact and Telephone Number</b>	Cynthia Lorenzo, Deputy Director (850) 245-7153

**Estimated Corrective  
Action Date**

The Agency considers this finding resolved.

**Auditor's Remarks**

The correspondence received from USDOL confirmed that using an outside firm to perform monitoring services is permissible. We agree that FAWI is required to monitor subrecipients and may use contracts to arrange for such monitoring to be performed by non-State employees. However, we question the use of Federal funds to pay for the monitoring, which as described above, was accomplished through limited scope audits (i.e., agreed-upon procedures). OMB Circular A-133 §\_\_.230(b)(2), along with the additional provisions stated on page 3-M-2 in the OMB Circular A-133 Compliance Supplement (March 2006), clearly provide that the cost of an agreed-upon procedures engagement is only allowable for a subrecipient that expends less than \$500,000 in Federal funds annually. As noted above, all the RWBs and ELCs exceeded the \$500,000 threshold for the 2005-06 fiscal year and were subject to A-133 audits.

**U.S. DEPARTMENT OF LABOR**

**Finding Number** FA 06-005  
**CFDA Number** Various (See Condition)  
**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 (See Condition)  
**Finding Type** Reportable Condition  
 Questioned Costs – \$82,531.25 (Federal share \$81,758.01)

**Finding** FAWI charged payments for unused leave directly to various Federal awards programs, contrary to Federal regulations.

**Criteria** 2 CFR 225, Appendix B, Section 8.d., *Fringe benefits*

**Condition** Pursuant to Section 110.219(7), Florida Statutes, each December, a permanent career service employee shall be entitled, subject to available funds, to a payout of 24 hours of unused annual leave. However, no such employee shall receive a payout of greater than 240 hours, including any leave received at the time of separation. An official with the U.S. Office of Management and Budget advised us that these payments would generally be considered indirect costs.

Our review disclosed that, during the 2005-06 fiscal year, FAWI directly allocated \$81,758.01 to the following Federal awards programs and grant numbers for 24-hour unused leave payments rather than allocating the costs as general administrative expenses to all FAWI activities:

CFDA Number	Program Title	Federal Grant Number	Amount
10.561	State Administrative Matching Grants for Food Stamp Program	N/A	\$6.22
17.207	Employment Service/Wagner-Peyser Funded Activities	AE-94019000	\$2,530.40
		ES13990PL	\$85.25
		ES-14858-05-55	\$22,195.58
		ES-13047-03-55	\$2.10
17.225	Unemployment Insurance	UI-14428-05-55	\$47,435.04
		UI-15115-06-55	\$113.13
17.258, 17.259, 17.260	Workforce Investment Act Cluster	AA-12919-03-50	\$1,590.81
		EM-14360-04-60	\$ .79
		EM-14330-04-60	\$ .64
		EM-14935-05-60	\$ .16
		AA-13792-04-50	\$1,223.09
17.801	Disabled Veterans' Outreach Program	E-9-5-5-5056	\$1,949.54
		E-9-5-6-5056	\$284.01
17.804	Local Veterans' Employment Representative Program	E-9-5-6-5056	\$2,371.87

CFDA Number	Program Title	Federal Grant Number	Amount
93.558	Temporary Assistance for Needy Families	N/A	\$487.62
93.575	Child Care and Development Block Grant	G-0502FLCCDF	\$1,481.76
		State Matching	\$773.24

**Cause** According to FAWI personnel, the 24-hour unused leave payments were considered employee fringe benefits and, therefore, FAWI did not distinguish between the unused annual leave payments and ordinary used leave payments when charging salary costs to Federal awards programs.

**Effect** Federal funds were used to fund employee compensation costs that should have been allocated as general administrative expenses to all FAWI activities.

**Recommendation** We recommend that FAWI enhance procedures to ensure that all unused leave payments are allocated as a general administrative expense (indirect cost) to all FAWI activities.

**State Agency Response and Corrective Action Plan** Section 110.219(7), Florida Statutes provides permanent career service employees the opportunity to be paid for 24 hours of unused leave in December of each year. FAWI's financial and legal staff have carefully reviewed and considered the Auditor General's finding that 24 hour leave payouts should be treated as indirect costs.

The Auditor General's finding is based on an interpretation that 2 CFR 225, Appendix B, section 8.d. requires the "24 hour leave payout" to be treated as an indirect cost because it reduces the total amount of unused leave for which an employee can receive payment upon retirement or termination. Currently, the Agency treats "24 hour leave payouts" as direct costs of benefiting grants. The Agency's interpretation of 2 CFR 225, Appendix B, section 8.d.(3) is that payouts for unused leave must be treated as indirect costs only when an employee retires or terminates employment. It is the event of "retirement or termination" which results in the requirement to treat unused leave payouts as indirect costs. In the case of "24 hour leave payouts", the employee has not retired or terminated employment. Therefore, the Agency's opinion is that these costs are allowable as direct costs to benefiting grants as provided by 2 CFR 225, Appendix B, section 8.d.(2).

To ensure that the Agency is properly allocating the costs of "24 hour leave payouts", it requested and received written confirmation from the United States Department of Labor (USDOL). The Regional Cost Negotiator in USDOL's Division of Cost Administration, concurs with the Agency's position. (Copy Provided)

**Agency Contact and Telephone Number** Cynthia Lorenzo, Deputy Director  
(850) 245-7153

**Estimated Corrective Action Date** The Agency considers this finding resolved.

**Auditor's Remarks** The criteria for this audit finding is 2 CFR 225, Appendix B, Section 8.d.(3), which provides that "when a governmental agency uses the cash basis of accounting, the cost of leave is recognized in the period the leave is taken and paid for. 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." Based on guidance provided by officials with the U.S. Office of Management and Budget and Florida's cognizant agency for audit, we have included finding Nos. FA 06-005, 06-021, 06-045, 06-046, and 06-070 for audit resolution.

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-006</b>
<b>CFDA Number</b>	<b>Various (See Condition)</b>
<b>Program Title</b>	<b>Various (See Condition)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition Questioned Costs - Unknown
<b>Finding</b>	FAWI incorrectly calculated the rates used to allocate salary costs to benefiting Federal awards programs.
<b>Criteria</b>	2 CFR 225, Appendix A, Section C. 1.b. & 3.a., <i>Allocable costs</i>
<b>Condition</b>	<p>FAWI uses interim cost centers to distribute directly allocated costs to benefiting Federal awards programs. According to FAWI's <i>Cost Allocation Plan</i>, directly allocated costs are those costs that benefit more than one program, award, or activity and can be proportionately assigned to each program, award, or activity based on methodologies that reflect the relative benefits received without effort disproportionate to the results achieved.</p> <p>To calculate the benefit received by the program, award, or activity and create associated entries in the State's accounting system, FAWI utilizes the Cost Pool Allocation System (CPAS). FAWI has established 35 interim cost centers in the CPAS. Four are fixed-rate interim cost centers and 31 are variable-rate interim cost centers that rely on data from personnel activity reports completed by FAWI employees for rate calculations. Because the cost pools are used to distribute administrative costs for various areas, the data from the personnel activity reports are rolled up at the division, bureau, section, and subsection levels depending on the level where the administrative costs reside. During the 2005-06 fiscal year, FAWI allocated salary costs totaling approximately \$6.8 million through the 31 variable-rate interim cost centers.</p> <p>Our review of the cost rates calculated by CPAS for 10 variable-rate interim cost centers disclosed that the rates for 3 were incorrect; however, due to the complex allocation method employed by FAWI, the significance of the rate errors could not be readily determined. The incorrect rates were used to allocate costs to the following Federal awards programs:</p> <p><b>U.S. Department of Agriculture:</b></p> <p>State Administrative Matching Grants for Food Stamp Program (CFDA No. 10.561)</p> <p><b>U.S. Department of Labor:</b></p> <p>Employment Service Cluster (CFDA Nos. 17.207, 17.801, and 17.804)</p> <p>Unemployment Insurance (CFDA No. 17.225)</p> <p>Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.260)</p> <p><b>U.S. Department of Health and Human Services:</b></p> <p>Temporary Assistance for Needy Families (CFDA No. 93.558)</p> <p>Child Care and Development Block Grant (CFDA No. 93.575)</p>

<b>Cause</b>	FAWI staff indicated that there were errors in the CPAS programming code used to calculate the interim cost center rates. Specifically, CPAS incorrectly excluded FAWI staff time worked in lower and higher level cost centers when calculating the cost rates.
<b>Effect</b>	Costs were not equitably distributed to benefiting Federal awards programs.
<b>Recommendation</b>	We recommend that FAWI take appropriate measures to correct the CPAS programming code used to calculate the interim cost center rates.
<b>State Agency Response and Corrective Action Plan</b>	<p>FAWI has performed an extensive review and analysis of the Cost Pool Allocation System (CPAS) and has determined that the total dollar value of the system's error was \$8,408.57. As recommended, FAWI took immediate action to correct the Cost Pool Allocation System programming code used to calculate the interim cost center rates. Financial transactions that were affected by the system's error were reversed, recalculated and reposted correctly at the transaction detail level to the state's accounting system.</p> <p>Please note that additional safeguards have been added to the CPAS review process to prevent a similar occurrence in the future. For example, FAWI staff responsible for the CPAS system reviews the overall systems operating results on a weekly basis to verify that amounts processed from the system agree with the amounts from the state's accounting system. In addition, on a sample basis, staff reviews time data to verify that the calculation of cost pool distribution rates is correct and that the resulting distribution of costs from cost pools are correct. Also, on a monthly basis, accounting staff independent of those responsible for the weekly validation performs an additional review of internal system calculations to verify that the system calculations for cost pools are working correctly. FAWI believes that these processes will help ensure the integrity of calculations in the CPAS.</p>
<b>Agency Contact and Telephone Number</b>	Cynthia Lorenzo, Deputy Director (850) 245-7153
<b>Estimated Corrective Action Date</b>	The Agency considers this finding resolved.



## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-007</b>
<b>CFDA Number</b>	<b>Various (See Condition)</b>
<b>Program Title</b>	<b>Various (See Condition)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FAWI did not ensure that program monitoring was adequately and timely performed for the State's Regional Workforce Boards (RWBs).
<b>Criteria</b>	<p>OMB Circular A-133, §__.400(d), <i>Pass-through entity responsibilities</i> and OMB Circular A-133 Compliance Supplement</p> <p>The OMB A-133 Compliance Supplement states that pass-through entities are responsible for during-the-award monitoring. This monitoring may be accomplished through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.</p>
<b>Condition</b>	<p>On May 12, 2005, FAWI entered into a contract with a private entity for the performance of program monitoring reviews at each of the State's 24 RWBs. The contract required that a final monitoring report be delivered to and accepted by FAWI for all 24 RWBs no later than June 1, 2006.</p> <p>Our review of FAWI's monitoring review tracking chart, the contract between FAWI and the contractor, 4 of the 24 final monitoring reports issued by the contractor, and supporting documentation for those 4 reports disclosed that FAWI's monitoring procedures were not adequate to ensure that program monitoring was timely performed or that deficiencies noted during monitoring were timely reported and appropriately resolved. Specifically:</p> <ul style="list-style-type: none"> <li>• While the program monitoring contract was effective for the period May 12, 2005, through June 30, 2006, the contract did not specify what period was subject to monitoring. According to the dates in the final monitoring reports and inquiries of FAWI staff, during the 2005-06 fiscal year, the contractor only monitored RWB activities that occurred during the prior fiscal year. As only the 2004-05 fiscal year activities were monitored, FAWI did not ensure that the RWBs were currently (i.e., during the 2005-06 fiscal year) administering Federal awards programs in compliance with applicable laws, regulations, and the provisions of contracts or grant agreements.</li> <li>• According to FAWI staff, the contractor had the responsibility to review and accept any RWB corrective action plans (CAPs) that may have resulted from monitoring review findings. As a result, FAWI was not involved in the process of reviewing or accepting the CAPs. Documentation was not provided to indicate that FAWI attempted to track the CAPs or perform any follow-up to ensure that corrective actions were timely and appropriate. However, according to FAWI staff, FAWI used other tools throughout the year such as data validation visits, technical assistance visits, and on-site and Web-based training to address program deficiencies identified by program operators and the monitoring team.</li> </ul>

- According to the FAWI tracking chart, final monitoring reports for 10 of the 24 RWBs were received by FAWI after the June 1, 2006, deadline specified in the contract.

RWB monitoring pertains to the following major Federal awards programs:

**U.S. Department of Labor:**

Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.260)

**U.S. Department of Health and Human Services:**

Temporary Assistance for Needy Families (CFDA No. 93.558)

**Cause**

The contract between FAWI and the program monitor did not specify the time period of the activities subject to monitoring and FAWI procedures did not require the monitoring of current year activities.

According to FAWI staff, CAPs and CAP acceptance letters were not required to be submitted to FAWI for review and approval as FAWI was attempting to improve the monitoring process by streamlining and expediting the process for resolving monitoring findings.

FAWI did not ensure contractor compliance with the final monitoring report due date specified in the contract. According to correspondence from the contractor to FAWI, the delays resulted from the need to gather, input, process, and review a significantly greater amount of data than expected as well as continued revisions to the review instrument.

**Effect**

By monitoring only prior year activities, noncompliance with laws, regulations, and the provisions of contracts or grant agreements or other deficiencies in RWB program operations may occur in the current year and not be timely identified and corrected. In addition, monitoring prior year activities may be duplicative of some of the postaudit procedures performed by the RWB independent auditors.

Absent review of the CAPs, FAWI cannot be assured that the planned corrective actions are appropriate for the deficiencies noted during monitoring.

Lack of timely monitoring reports limits FAWI's ability to expedite appropriate corrective actions for any deficiencies noted.

**Recommendation**

FAWI staff indicated that during the 2006-07 fiscal year, FAWI will be performing program monitoring. We recommend that FAWI enhance monitoring procedures to ensure that RWB activities are timely monitored. In addition, FAWI should review CAPs for each RWB monitored and track the status of corrective actions to ensure such actions are timely and properly implemented.

**State Agency Response and Corrective Action Plan**

FAWI agrees with the Auditor General that monitoring current year activities is the most effective way to address programmatic deficiencies and identify corrective actions in a timely manner. Therefore, FAWI has changed the sampling process for monitoring to ensure that current year activities are monitored. Measures have been implemented in this year's monitoring process to ensure that the deficiencies identified by the Auditor General are corrected in the monitoring process for fiscal year 2006-2007.

FAWI takes very seriously the responsibility to provide effective oversight and monitoring of workforce programs. To ensure effective and efficient monitoring, it has brought all programmatic monitoring in-house and is currently being performed by FAWI program experts. FAWI is reviewing the programmatic monitoring functions on a regular basis to ensure continuous improvement.

Under current year monitoring, Corrective Action Plans are developed by the Regional Workforce Boards and submitted to FAWI for review and approval. The Corrective Action Plans are reviewed for each Regional Workforce Board

monitored and the status of corrective actions are rigorously monitored and tracked to ensure timely and proper implementation. The Agency is assertive in administering its monitoring processes. FAWI is responsible not only for conducting programmatic monitoring but is also responsible for accepting, reviewing and ensuring compliance with the Corrective Action Plans submitted by the Regional Workforce Boards. In addition, training, technical assistance and information on best practices are provided on site by knowledgeable programmatic staff during the monitoring review.

Background: In May 2005, a contract for the provision of on-site programmatic monitoring for the 24 regional workforce boards was awarded to a vendor who responded to the Request for Proposal indicating a significant level of experience in the operation and oversight of workforce programs and who had several years experience as an administrative entity for a regional workforce board.

The contract deliverables included timelines for the delivery of monitoring reports. However, the vendor experienced difficulties with its own automated system which resulted in the untimely submission of reports to the FAWI. Penalties for failure to deliver timely reports were assessed against the vendor.

It should be noted that during the review period covered by the contract, FAWI also provided oversight through technical assistance visits, on site and web-based programmatic training, data validation reviews and Process Improvement Plans, where applicable.

**Agency Contact and  
Telephone Number**

Barbara Griffin, Deputy Director  
(850) 245-7137

**Estimated Corrective  
Action Date**

Corrective actions have been implemented.

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-008</b>
<b>CFDA Number</b>	<b>17.225</b>
<b>Program Title</b>	<b>Unemployment Insurance (UI)</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Cost/Cost Principles
<b>State Agency</b>	<b>Florida Department of Revenue (FDOR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	UI-15115-06-55 2006
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$3,739.60
<b>Finding</b>	FDOR did not properly allocate administrative costs to the UI Program for Unemployment Tax (UT) collection services.
<b>Criteria</b>	2 CFR 225, Appendix A, Section C.3. <i>Allocable costs</i> and Appendix B.8. <i>Compensation for personal services</i>
<b>Condition</b>	FDOR administers the UT collection services for the UI Program pursuant to an interagency agreement with the Florida Agency for Workforce Innovation (FAWI). Our review of the FDOR February 2006 invoice requesting reimbursement from FAWI disclosed that the allocation rate used by FDOR did not consider hours recorded to all activities on time and attendance records. As a result, for the month of February 2006, FDOR overcharged directly allocated UT administrative costs totaling \$3,739.60 to the UI Program.
<b>Cause</b>	FDOR had not established procedures to ensure that all activities from time and attendance records were properly considered and used in the calculation of the rate used to allocate UT administrative costs to the UI Program.
<b>Effect</b>	FDOR's method for determining the allocation rate did not produce an equitable and consistent distribution of administrative costs to benefiting activities resulting in an overcharge to the UI Program.
<b>Recommendation</b>	FDOR should implement procedures to ensure that all appropriate hours from time and attendance records are included when determining the allocation rate to be used in the direct allocation of UT administrative costs to the UI Program. In addition, FDOR should recalculate the UT administrative costs for the 2005-06 fiscal year and appropriately adjust future reimbursement requests to FAWI. The recalculation of UT administrative costs should identify all associated costs, including indirect costs.
<b>State Agency Response and Corrective Action Plan</b>	FDOR agrees with the findings and shall implement a corrective action plan accordingly: <ol style="list-style-type: none"> <li>1. FDOR will implement a procedure whereby all General Tax Administration supervisors and managers will be required to certify monthly that all time and attendance records for their respective direct reports have been timely submitted and approved in the State of Florida's People First automated time and attendance system. Estimated implementation date will be May 1, 2007.</li> <li>2. FDOR will recalculate the UT administrative costs for FY2005/06, including indirect costs pursuant to the recommendation. The FDOR invoice submitted to FAWI for the month ending March 31, 2007, will reflect this adjustment.</li> <li>3. Further, based on the findings for FY2005/06, FDOR will likewise recalculate UT administrative costs for FY2006/07 (year-to-date) and adjust the invoice for the period ending March 31, 2007, accordingly.</li> </ol>

**Agency Contact and  
Telephone Number**

Sharon Doredant, Inspector General  
Florida Department of Revenue  
(850) 488-4328

**Estimated Corrective  
Action Date**

Item 1: May 1, 2007  
Item 2: March 31, 2007  
Item 3: March 31, 2007

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-009</b>
<b>CFDA Number</b>	<b>17.225</b>
<b>Program Title</b>	<b>Unemployment Insurance (UI)</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Not Applicable
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Audit Report No. 2006-152, Finding No. FA 05-011
<b>Finding</b>	Reportable conditions disclosed in the prior audit regarding the establishment and implementation of adequate FAWI management security control procedures for the Unemployment Compensation (UC) System continued to exist during the 2005-06 fiscal year.
<b>Criteria</b>	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; and Florida Department of Management Services Rules, Chapter 60DD-2, Florida Administrative Code
<b>Condition</b>	<p>Reportable conditions regarding the establishment and implementation of adequate FAWI management security control procedures for the UC System continued to exist. Specifically, we noted in <i>Unemployment Insurance Program Information Technology (IT) audit report No. 2007-073</i> that:</p> <ul style="list-style-type: none"> <li>• FAWI had not designated positions of special trust and had not performed adequate background checks, including fingerprinting, of employees occupying positions with sensitive IT responsibilities and access privileges. (Finding No. 4)</li> <li>• Improvements were needed in FAWI's information security program to document and communicate to users, in a more comprehensive manner, management's expectations for safeguarding FAWI IT resources. (Finding No. 5)</li> <li>• Improvements were needed in various general IT controls over the UC System. (Finding No. 6)</li> </ul> <p>Details of these audit findings and recommendations, as well as the response from FAWI management, are included in audit report No. 2007-073.</p>
<b>Cause</b>	According to FAWI management, FAWI considers the designation of positions of special trust to be discretionary and FAWI management determined that FAWI did not have any employee positions described in the Florida Statutes. In addition, FAWI management had not fully implemented their Information Systems Security Program policy.
<b>Effect</b>	The lack of a well-designed security program could lead to insufficient protection of sensitive or critical UC System resources.
<b>Recommendation</b>	FAWI should reevaluate whether any IT positions warrant designation as positions of special trust. FAWI should also continue to enhance security controls, including communication and implementation of an entitywide security program policy, to provide increased assurance of the integrity of the UC System and data.

**State Agency Response and Corrective Action Plan**

Finding - 4 - The Agency agrees with the Auditor General's recommendation and is in the process of identifying positions that warrant designation as positions of special trust. A policy to implement the requirements for designating positions of special trust and employee background screening is being developed.

Finding 5 - The Agency recognized the need for improvements to its existing Information Security Policy and Information Security Manual. These improvements were underway during the course of the audit and have been formalized through modification to the existing Information Security Policy which incorporates a new Information System Security Program. The new policy was adopted November 1, 2006.

Finding 6 - FAWI has taken positive steps to improve program integrity and secure program data. Resolving the concerns expressed in the audit are a top priority for the Agency and unemployment compensation program.

Prior to the completion of the audit the Unemployment Compensation Internal Security Unit had inventoried the access provided to users of unemployment compensation program data and obtained properly executed access forms for all Security Officers and users.

The Internal Security Unit (ISU) has also finalized a UC Security Manual, an Internal User Guide for the RACF Security Officers, and an External Guide for RACF Security Officers. Combined, the publications formalize UC security policies and procedures, identify responsibilities, establish internal and external requirements, provide instructions for RACF system access privileges and provide RACF Security Officers with instructions to manage system access privileges.

All FAWI UC RACF security officers were provided copies of the appropriate user guides in December 2006. These publications are now available on the agency's Intranet to provide a convenient resource for staff. The Intranet site also provides access to the UC Internal Security forms, policies and applicable sections of law and administrative code.

The Internal Security Administrator is finalizing a training program for all security officers that will begin March 2007.

Additionally, a product by SecureAware has been acquired by the Agency that will incorporate an on-line security training program for all Agency users. This competency based training program will go beyond the on-line training that is already available on the Agency's Intranet. The product is scheduled to be rolled out by the Agency's IT staff in April 2007.

FAWI and DMS met in January to discuss a strategy for addressing the finding relating to access configurations. In addition, this meeting resulted in the creation of an automated report that closes another security gap. Because the system automatically deletes security profiles after a defined period of inactivity, the Agency had been unable to document the level of access that an individual possessed at the time deletion occurred. Under normal procedures an individual's security officer is required to print a copy of user's profile prior to deleting the user from the system. However, when the termination from the system occurred through automated means no pre-termination documentation was able to be retrieved. The new report implemented in February 2007, contains the profiles of the users who the system is automatically deleting from the system. The report will enhance the documentation maintained by the Internal Security Unit and will be available for use in conducting audits when issues of user activity arise.

**Agency Contact and Telephone Number**

Finding 4 - Rosa N. McNaughton, General Counsel (850) 245-7154  
Findings 5 & 6 - Cynthia Lorenzo, Deputy Director (850) 245-7153

**Estimated Corrective  
Action Date**

Finding 4 - March 15, 2007.

Finding 5 - Corrective action has been completed.

Finding 6 - Corrective action is ongoing as indicated above. FAWI is scheduled to complete all aspects of our corrective action by June 30, 2007.



## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-010</b>
<b>CFDA Number</b>	<b>17.225</b>
<b>Program Title</b>	<b>Unemployment Insurance (UI)</b>
<b>Compliance Requirement</b>	Procurement and Suspension and Debarment
<b>State Agency</b>	<b>Florida Department of Revenue (FDOR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	UI-15115-06-55 2006
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDOR did not verify that contractors were not suspended or debarred prior to entering into covered transactions with the contractors. Also, FDOR did not document the justification for contract renewals.
<b>Criteria</b>	ET Handbook No. 336; 2 CFR 180, <i>Guidelines to Agencies on Governmentwide Debarment and Suspension</i> ; 29 CFR 97.35, <i>Subawards to debarred and suspended parties</i> ; 29 CFR 97.36, <i>Procurement</i> ; and Florida Department of Management Services (FDMS) Rule 60A-1.048, Florida Administrative Code.
<b>Condition</b>	FDOR administers the Unemployment Tax (UT) collection services for the UI Program pursuant to an interagency agreement with the Florida Agency for Workforce Innovation. We tested ten disbursements of UI Program funds by FDOR and noted that, for three covered procurement transactions exceeding \$25,000, FDOR did not verify by obtaining a certification from the contractor, reviewing the General Services Administration <i>List of Parties Excluded From Federal Procurement and Nonprocurement Programs</i> , or adding a clause to the covered transaction contract that the contractor was not suspended or debarred from receiving Federal funds. During the 2005-06 fiscal year, expenditures made to these three contractors totaled \$307,329.06. On the date of our review, none of the entities related to these three covered transactions were listed on the General Services Administration <i>List of Parties Excluded From Federal Procurement and Nonprocurement Programs</i> . In addition, for two of these three contracts, FDOR did not document the justification for contract renewals or otherwise demonstrate that the contract renewals were in the best interest of the State and the UI Program in accordance with FDMS Rules.
<b>Cause</b>	For the UI Program, FDOR did not have a policy to verify that an entity was not suspended or debarred prior to entering into a covered transaction. Although, according to FDOR staff, documentation in the contract files was reviewed to verify that there was no indication of adverse performance prior to contract renewal, FDOR did not document that the renewals were in the best interest of the State and the UI Program.
<b>Effect</b>	Without verifying that potential contractors are not suspended or debarred or otherwise excluded by the Federal Government from participation in the UI Program and absent proper documentation justifying that contract renewals were in the best interest of the State and the UI Program, FDOR cannot demonstrate that UI Program funds are used only for allowable purposes in accordance with Federal guidelines.
<b>Recommendation</b>	FDOR should implement procedures to verify that contractors are not suspended or debarred or otherwise excluded by the Federal Government from participation in the UI Program prior to entering into covered transactions with the contractors. In addition, FDOR should document the justification for all contract renewals, demonstrating that the renewals are in the best interest of the State and the UI Program.

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<b>State Agency Response and Corrective Action Plan</b>	<p>First issue: Use of Federal Funds</p> <p>FDOR has updated its Purchasing and Contract Management Manual to require Contract Managers (when Federal funds are used) to access the U.S. Government's Excluded Parties List System (EPLS) and verify that the contractor has not been debarred by any Federal agency. This is required for Federally-funded contracts that have a value of \$25,000 or greater. It is required prior to the initial contract execution, renewal, extension or amendment when the amendment adds an additional \$25,000 or greater to the contract value.</p> <p>Second Issue: Justification for Renewal</p> <p>The Department will revise its Purchasing and Contract Management Manual to require that Contract Managers provide a justification to document the renewal is in the best interest of the State. Update should be in place by March 2007.</p>
<b>Agency Contact and Telephone Number</b>	<p>Sharon Doredant, Inspector General Florida Department of Revenue (850) 488-4328</p>
<b>Estimated Corrective Action Date</b>	<p>First Issue: Completed Second Issue: March 2007</p>

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-011</b>
<b>CFDA Number</b>	<b>17.225</b>
<b>Program Title</b>	<b>Unemployment Insurance (UI)</b>
<b>Compliance Requirement</b>	Reporting
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Unemployment Compensation (UC), Unemployment Compensation for Federal Civilian Employees (UCFE), and Unemployment Compensation for Ex-Service Members (UCX)
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Audit Report No. 2006-152, Finding No. FA 05-013
<b>Finding</b>	Although FAWI took measures to more accurately report amounts on the quarterly ETA 227 Overpayment Detection and Recovery Activities reports, certain amounts continued to be misstated.
<b>Criteria</b>	UI Reports Handbook No. 401
<b>Condition</b>	<p>Our test of the ETA 227 report submitted by FAWI for the quarter ended March 31, 2006, disclosed that:</p> <ul style="list-style-type: none"> <li>• FAWI-reported amounts in Section C, <i>Recovery/Reconciliation</i>, did not include all recoveries of overpayments of claims for UI benefits. We noted that for lines 302, 303, and 304, the amounts reported on the ETA 227 did not agree with the worksheet used to reconcile the UC System to the State's accounting records. UI Reports Handbook No. 401 ETA 227 instructions require that reported amounts trace to the State's accounting records. The differences between the worksheet and lines 302, 303, and 304 were \$167,366.55, \$7,112.05, and \$17,318, respectively. In response to audit inquiry, FAWI staff indicated that they were currently analyzing the programming that provides the data for Section C to determine whether all recovered amounts were being considered and reported correctly.</li> <li>• Per UI Reports Handbook No. 401 ETA 227 instructions, Line 507 in Section E must equal Line 313 in Section C. To comply with those instructions, FAWI forced Line 507, <i>Total Accounts Receivable</i>, to agree with Line 313, <i>Outstanding End Period</i> by adjusting Line 501, <i>Accounts Receivable 90 days or less</i>, by \$258,468.</li> </ul>
<b>Cause</b>	The computer program used to extract information from the UC System to report actual amounts on the ETA 227 reports did not properly include certain information required for Sections C and E of the ETA 227 reports.
<b>Effect</b>	Absent complete and accurate reports, the usefulness of the reports for monitoring the integrity of the benefits payment processes in the UC System is diminished.
<b>Recommendation</b>	We recommend that FAWI staff continue their efforts to ensure the accuracy of the amounts reported on the ETA 227 reports. Such efforts should include appropriate revisions to the computer program used to extract information from the UC System.

**State Agency Response and Corrective Action Plan**

FAWI staff has been working diligently to more accurately report amounts on the ETA-227 report. Although previous attempts to correct certain areas of the report have not been entirely successful, we are dedicated to resolving the issues. In January, the Agency developed a new strategy that is yielding significant improvement in the report outcomes. A workgroup composed of Financial Management, Benefit Payment Control and IT programming staff has met regularly to review the computer programming behind Section C of the report on a line by line basis. This is to ensure Section C, line 313 always equals Section E, line 507 and to have Section C lines 302, 303, and 304 agree with the worksheet used to reconcile the UC systems. While proving to be an intensive analysis, we have determined that some report elements were not being captured correctly and some elements were reported in incorrect cell categories.

For example, Federal requirements for the ETA-227 impose an artificial 2-year statute of limitations on uncollected overpayments. The purpose of this is to establish a national standard for removing uncollectible overpayments from the accounts receivable at the Federal level since many state laws vary or in some cases do not define the length of time that overpayment recovery may be pursued. While Florida must implement the statutorily mandated limitations of 3 and 5 years for administrative purposes, the coding for the report requires a different standard. Programming is in progress to correctly retrieve data for the report ensuring the distinction between a debt that is marked uncollectible for the purposes of the ETA-227 and debt that is determined uncollectible as provided for in the Florida law.

There are other discrepancies that need to be resolved between management of the data for administrative purposes and data retrieval for the Federal report. Our efforts have not yet resulted in an exact match in the money reported in Section C and Section E of the ETA-227, but progress has been made. A rerun of the data for the quarter ending December 31, 2006, conducted in the test region in January 2007 further reduced this discrepancy to only \$2,138.

The workgroup has recently made the recommendation that mainframe programming be written for each line of Section C in an effort to obtain a total match with Section E and with the State's accounting records. This strategic approach began in February 2007.

**Agency Contact and Telephone Number**

Cynthia Lorenzo, Deputy Director  
(850) 245-7153

**Estimated Corrective Action Date**

1. Corrective action is ongoing as indicated above.
2. FAWI is scheduled to complete all aspects of our corrective action plan by September 30, 2007.

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-012</b>
<b>CFDA Number</b>	<b>17.225</b>
<b>Program Title</b>	<b>Unemployment Insurance (UI)</b>
<b>Compliance Requirement</b>	Special Tests and Provisions – Employer Experience Rating
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b> <b>Florida Department of Revenue (FDOR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	N/A
<b>Prior Year Finding</b>	Audit Report No. 2006-152, Finding No. FA 05-015
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	The FAWI and FDOR UI tax rate calculation process did not promote the accurate assessment of UI taxes consistent with Florida law.
<b>Criteria</b>	<p>Section 443.1116, Florida Statutes, establishes the Short-time compensation program and allows benefits to be charged to the employment record of employers as provided in Section 443.131(3), Florida Statutes.</p> <p>Section 443.131(3), Florida Statutes, establishes the UI tax rate structure for employers eligible for a variation through experience rating from the standard UI tax rate.</p> <p>Section 443.151, Florida Statutes, constructs procedures concerning redeterminations and overpayments on UI benefit claims which affect the charges or noncharges to the employment record of employers. It also establishes procedures for recovery and recoupment of UI benefits due to overpayments.</p> <p>Control Objectives for Information and related Technology (COBIT), Delivery and Support (DS) 11.14</p>
<b>Condition</b>	<p>Our review of the UI tax rate calculation process disclosed the following deficiencies that continued to contribute to the assessment of incorrect UI tax rates:</p> <ul style="list-style-type: none"> <li>• Prior to the 2006 UI tax rate calculation, FAWI did not perform reconciliations between the detail and summary benefit and wage data within the UC Tax Registration Accounting Information Network (TRAIN) Subsystem. TRAIN is a subsystem of the Unemployment Compensation (UC) System that records wage data for use in processing claims for UI Program benefits and is also used by FDOR to calculate and record collections of employer taxes.</li> <li>• When calculating the 2006 UI tax rates, FDOR improperly excluded the taxable payroll for employers participating in the Short-time compensation program whose individual benefit ratio (IBR) was greater than or equal to .0540 and less than .0640.</li> <li>• UC System programming incorrectly allowed the employers' shares of benefit payments to be undercharged to the employers' accounts when overpayments were established and subsequently recovered through offset against current benefit payments.</li> <li>• The amount of noncharge benefits used in the calculation of the 2006 UI tax rate: <ul style="list-style-type: none"> <li>▪ Included benefit overpayments that had not been reduced by amounts recovered from claimants through offsets of UI benefits for two of the three preceding fiscal years.</li> </ul> </li> </ul>

- Was not properly adjusted for all overpayment redeterminations (i.e., redeterminations of previously established overpayments that were subsequently increased, decreased, or canceled).
- An Information Technology audit of the UI Program disclosed that reportable conditions continued to exist regarding the lack of FAWI-established policy, procedure, or other written guidance to support the methodology used in the tax rate calculation process. The details of these reportable conditions and our recommendations are included in audit report No. 2007-073, finding No. 2.

**Cause**

FAWI and FDOR had not completed necessary system programming changes prior to the 2006 tax rate calculation. FAWI management indicated that FAWI, working with FDOR, would improve documentation of the tax rate calculation and that FAWI would seek legal review on the treatment of calculations, when appropriate. In addition, FDOR staff indicated that the development of an annual rating process manual was delayed because staff had devoted their efforts to determining programming requirements for the impending move of unemployment tax collections from the TRAIN Subsystem to the SUNTAX System.

**Effect**

Absent reconciliation to the detail data, FAWI cannot demonstrate that the summary data used in the annual UI tax rate calculations is accurate. Also, employer UI tax rates were not established in compliance with applicable statutory provisions. In addition, the above-noted deficiencies hinder the proper cost allocation of UI benefits to appropriate employers resulting in the overstatement of employer tax rates.

**Recommendation**

To demonstrate the accuracy and completeness of the data used in the UI tax rate calculation, we continue to recommend that FAWI ensure that timely and complete reconciliations be performed between the detail and summary wage and benefit data. We also continue to recommend that FAWI and FDOR enhance and document the methodology used in the tax rate calculation process and make the necessary system programming changes to ensure that UI tax rates are calculated consistent with Florida law.

**State Agency Response and Corrective Action Plan****Florida Agency for Workforce Innovation:**

In order to improve tax collection services to the citizens of Florida, FAWI and FDOR agreed in 2005 to move the unemployment tax program from the Agency's TRAIN system to FDOR's System for Unified Taxation (SUNTAX) system. During the first half of 2006 staff from FAWI and FDOR met in teams designed around tax functions to allow FDOR to determine the requirements needed in SUNTAX to implement the unemployment tax program.

This activity culminated with a requirements deliverable document, which was approved by FAWI in August 2006. FDOR is currently in the design phase of the project and implementation of unemployment tax in SUNTAX is expected to be rolled-out by October 1, 2007. FAWI staff expects the documentation issues raised by the auditor to be resolved with SUNTAX implementation.

Programming changes to TRAIN were implemented for the 2007 rate calculation for proper use of Short Time Compensation (STC) payrolls.

Capturing benefit amounts recovered and recouped following overpayment determinations has continued through the past two years and will be completed with the calculation of the 2008 rates. While this data corrects the total noncharged benefits used in the rate calculation, the Agency continues to work on a method for adjusting noncharges that result in understating the individual benefit ratios of employers' accounts when an overpayment has been recovered, recouped, or redetermined.

Processes created during 2006 to handle current claim offsets for employer charge purposes were not implemented. This was due to the inability of the payment system to void benefit offsets occurring on the same claim. An analysis began in September 2006 to determine the additional modifications that would be required to allow a current claim offset to be voided. After the analysis was completed it was determined that this approach would impact as many as 300 to 350 mainframe programs and procedures within the benefits system.

Because of the high risk to disrupt other programs in the benefits system, a search began in November 2006 for a better approach. A cross-functional team is working together to determine if a less invasive approach can be used for adjusting noncharges. This would prevent understating the individual benefit ratios of employers' accounts when an overpayment has been recovered, recouped, or redetermined. By April 2007 a project plan will be constructed for the design, development and implementation of the best solution.

**Florida Department of Revenue:**

This a repeat finding. The Department of Revenue will continue to work with AWI to improve the documentation for any decisions made regarding the application of governing law in the tax rate calculation methodology, via written policy, procedure or other guidance.

The Department is in the process of moving unemployment tax into our integrated SUNTAX system. A complete, comprehensive accounting of the entire rate process is being documented during the requirements and design sessions.

**Agency Contact and Telephone Number**

**Florida Agency for Workforce Innovation:**

Cynthia Lorenzo, Deputy Director  
(850) 245-7153

**Florida Department of Revenue:**

Sharon Doredant, Inspector General  
Florida Department of Revenue  
(850) 488-4328

**Estimated Corrective Action Date**

**Florida Agency for Workforce Innovation:**

Corrective actions are ongoing and will continue as we work to implement SUNTAX October 1, 2007.

**Florida Department of Revenue:**

July 1, 2007

## U.S. DEPARTMENT OF LABOR

<b>Finding Number</b>	<b>FA 06-013</b>
<b>CFDA Number</b>	<b>17.258, 17.259, and 17.260</b>
<b>Program Title</b>	<b>Workforce Investment Act Cluster (WIA)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles and Reporting
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	AA-14669-05-55, 2005 and 2006
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-008
<b>Finding</b>	Although FAWI implemented some corrective actions, deficiencies reported in the prior audit regarding the One Stop Management Information System (OSMIS) continued to exist during the 2005-06 fiscal year.
<b>Criteria</b>	Security and other controls for information technology resources; OMB Circular A-133, §___300(d), <i>Auditee responsibilities</i>
<b>Condition</b>	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 finding No. FA 05-008, we noted deficiencies related to access, security administration, and the change management process as well as in the OSMIS cash disbursement functionality. Actions taken by FAWI did not fully correct these deficiencies by June 30, 2006. FAWI continued to take corrective action subsequent to the end of the 2005-06 fiscal year.
<b>Cause</b>	Deficiencies were the result of OSMIS design and configuration and lack of FAWI system documentation requirements.
<b>Effect</b>	Absent correction of the noted OSMIS deficiencies, there is an increased risk that inappropriate transactions could have been initiated within OSMIS during the audit period and that data and information technology resources could have been subjected to unauthorized disclosure, modification, or loss.
<b>Recommendation</b>	We recommend that FAWI continue to take necessary actions to fully correct the deficiencies noted in finding No. FA 05-008.
<b>State Agency Response and Corrective Action Plan</b>	<p>The Agency authorized the necessary changes be made to OSMIS to prevent access to the FLAIR transactions (10, 11, 20, and 58). These changes were entered in Work Order 86295 and were implemented into production on September 29, 2006.</p> <p>The Agency authorized the necessary changes be made to OSMIS to default the access privileges to all functional responsibilities to new users to "No Access". When a new user is added to the Financial Management module of OSMIS, the security administrator will be required to specifically check the functions being granted to the new user. These changes were entered in Work Order 76718. This work order was completed and moved into production on January 25, 2007.</p> <p>Independent reviews of access privileges of new users were monitored by FAWI. However, now that Work Order 76718 (see above) and Work Order 95429 (see below) have been implemented, this is no longer a requirement per the findings recommendation.</p> <p>FAWI approved system documentation in June 2006 which includes a security administration manual. In addition, FAWI has implemented security policies in contracts with the regional workforce boards.</p>



The Agency has completed the necessary actions including completion of all related Work Orders (76718, 86295, 95429) to correct the control deficiencies identified in this audit.

The Agency authorized the necessary changes be made to OSMIS to remove Access Rights to the transactions (10, 11, 20, 58). These will no longer be available selection options. These changes were entered in Work Order 95429. The work order has been completed and moved into production on January 25, 2007.

The Agency enters, controls, and monitors all changes to the OSMIS Financial Management module via a process which separates application coding, database administration, and system administration functions into separate and distinct areas. All changes are documented and progress tracked via the Agency's use of Intuit's Track-It software. Final testing and authorization to move changes into production must be approved by the Financial Management Business unit.

**Agency Contact and Telephone Number**

Cynthia Lorenzo, Deputy Director  
(850) 245-7153

**Estimated Corrective Action Date**

Corrective action has been completed.

## U.S. DEPARTMENT OF TRANSPORTATION

<b>Finding Number</b>	<b>FA 06-014</b>
<b>CFDA Number</b>	<b>20.205</b>
<b>Program Title</b>	<b>Highway Planning and Construction</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Department of Transportation (FDOT)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	N/A
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-018
<b>Finding</b>	Reportable conditions disclosed in the prior audit regarding obtaining and reviewing subrecipient audit reports and subgrant agreement language continued to exist during the 2005-06 fiscal year.
<b>Criteria</b>	OMB Circular A-133, §.200 <i>Audit requirements</i> , §.320(a) <i>Report submission</i> , §.400 <i>Responsibilities</i> , and §.505 <i>Audit reporting</i> ; and FDOT Procedure Topic No. 450-010-001-g, Single Audit Procedure
<b>Condition</b>	<p>In audit report No. 2006-152, finding No. FA 05-018, we disclosed that FDOT program managers did not always follow established procedures for obtaining and reviewing subrecipient audit reports, and subgrant agreements did not always require subrecipients to have an audit conducted in accordance with OMB Circular A-133, as applicable. In response to the finding, FDOT's Office of Inspector General (OIG) established procedures including the implementation of an Automated Checklist System (System) to document the receipt and review of subrecipient audit reports, and provided training and assistance to the Districts on the System and the standard subgrant agreement forms. The System accumulates applicable FLAIR expenditures for subrecipient projects and program managers are required to complete a Checklist electronically to document their review of subrecipient audit reports. If a subrecipient audit report is not required, the program manager completes a Certification indicating such within the System. Additionally, the OIG periodically conducted Single Audit Compliance Reviews to determine whether the program managers had complied with the established procedures for reviewing subrecipient audit reports. During the reviews, OIG staff also determined whether appropriate A-133 audit language was included in the subgrant agreement.</p> <p>Our review and analysis of the System disclosed the following:</p> <ul style="list-style-type: none"> <li>• We requested FDOT personnel provide the System Checklists or Certifications for 42 projects with project expenditures during the 2003-04 and 2004-05 fiscal years since applicable A-133 audits were due before or during the audit period. For 26 of 42 projects selected, no Checklists or Certifications had been entered into the System as of October 4, 2006, although applicable A-133 audits were due to be received on or before June 30, 2006. The OIG found similar instances where Checklists were not entered into the System during the performance of its Single Audit Compliance Reviews for the fiscal year ended June 30, 2005.</li> <li>• In excess of 500 entries in the System with expenditures totaling approximately \$234 million did not have identifying information, such as CFDA numbers.</li> <li>• We also noted that the Checklist submission date was not electronically recorded on the Checklist. Automatic dating of the Checklist upon submission would preclude errors in documenting the date the Checklist was completed.</li> </ul>

	<p>We also reviewed 20 subgrant agreements awarded during the audit period and noted that 4 subgrant agreements for District 2 Emergency Relief projects did not contain language that required the subrecipient to have an audit conducted in accordance with OMB Circular A-133. Additionally, these 4 subgrant agreements and 1 additional subgrant agreement for a District 1 Emergency Relief project did not include the applicable CFDA numbers.</p>
<p><b>Cause</b></p>	<p>Personnel were not assigned within the Districts to ensure that Checklists were completed in a timely manner for all transactions in the System. Additionally, program managers did not always use the System or did not use it appropriately.</p> <p>FDOT District 2 personnel indicated that standard contract language supplied to them from the FDOT's Comptroller Office was used and that no instructions were received regarding notifying counties of the CFDA numbers or the OMB Circular A-133 audit requirement.</p>
<p><b>Effect</b></p>	<p>Failure to use the System as intended diminishes the OIG's ability to monitor the timely submission and review of audit reports. Additionally, in the absence of appropriate contractual provisions, including the CFDA number, FDOT had limited assurance that the required audits would be obtained by the subrecipients and submitted to FDOT.</p>
<p><b>Recommendation</b></p>	<p>We recommend that FDOT enhance its efforts to ensure the System is properly used by program managers and that subgrant agreements include the appropriate contractual provisions to identify the CFDA number and grant requirements. Additionally, we recommend that the applicable identifying numbers be correctly recorded in the System and that the Checklist submission date be electronically generated and printed on the Checklist.</p>
<p><b>State Agency Response and Corrective Action Plan</b></p>	<p>The Department will continue to stress the use of the Single Audit Automated System by e-mail, training classes, and the quarterly newsletter. The system administrator is developing periodic reports by district. These report results will be provided to the districts to allow self monitoring and will be highlighted in our quarterly newsletter.</p> <p>CSFA and CFDA numbers are automatically populated to the checklist out of FLAIR. We will research this issue and seek an appropriate solution for input into FLAIR or the Single Audit Automated System.</p> <p>The date of the review and checklist completion will be hard coded into the checklist so users cannot change it.</p> <p>In the previous two years, great strides have been made to ensure proper contract language. The contracts reviewed by Auditor General staff were issued in early 2005 for emergency hurricane relief sustained in 2004. Since that time the Department's Comptroller has rewritten the contracts and included the proper language.</p>
<p><b>Agency Contact and Telephone Number</b></p>	<p>Carlos Mistry, Audit Manager, Office of Inspector General (850) 410-5832</p>
<p><b>Estimated Corrective Action Date</b></p>	<p>June 30, 2007</p>

## U.S. DEPARTMENT OF TRANSPORTATION

<b>Finding Number</b>	<b>FA 06-015</b>
<b>CFDA Number</b>	<b>20.205</b>
<b>Program Title</b>	<b>Highway Planning and Construction</b>
<b>Compliance Requirement</b>	Special Tests and Provisions
<b>State Agency</b>	<b>Florida Department of Transportation (FDOT)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Federal-Aid Project Numbers: 0041-173-I, 2955-262-I
<b>Finding Type</b>	Material Noncompliance
<b>Prior Year Finding</b>	Questioned Costs – \$314,457 (Project No. 0041-173-I) Report No. 2006-152, Finding No. FA 05-020
<b>Finding</b>	Project cost changes that were approved by the Federal Highway Administration (FHWA) as non-Federal participating were not always properly coded to ensure that such costs would not be claimed as Federally participating and subsequently reimbursed to FDOT.
<b>Criteria</b>	23 CFR 635.120, <i>Changes and extra work</i> ; 23 USC 106, <i>Project approval and oversight</i> ; and FDOT Procedure Topic No. 700-000-000, Construction Project Administration Manual
<b>Condition</b>	FDOT has established a standard form for documenting the required FHWA approvals and identifying whether project cost changes will be Federal participating or non-Federal participating. Our review of 15 project changes totaling \$11,763,805 occurring in the 2005-06 fiscal year disclosed two project changes that included non-Federal participating costs totaling \$462,123, which were coded as Federal participating costs in FDOT's SiteManager Construction Management System.
<b>Cause</b>	Established FDOT procedures were not followed by FDOT personnel who entered the Change Orders into the SiteManager Construction Management System. Additionally, the errors were not detected by the applicable Project Administrators, who were responsible for ensuring contract changes were correct.
<b>Effect</b>	As of June 30, 2006, \$314,457 of the \$462,123 had been incurred and coded as Federally participating on contractor payments and reimbursed to FDOT by FHWA. The remaining amount was paid by FDOT to the contractor in the 2006-07 fiscal year.
<b>Recommendation</b>	Subsequent to our inquiry, FDOT personnel made correcting entries totaling \$462,123 in the Federal billing system. We recommend FDOT ensure that any non-Federal participating project cost changes are properly coded to preclude claims for Federal reimbursement.
<b>State Agency Response and Corrective Action Plan</b>	We concur. We will remind District Construction Personnel that established procedures should be adhered to and that instructions for coding non-Federal participating items in our construction management system be followed.
<b>Agency Contact and Telephone Number</b>	Jim Johnson, Construction Systems Engineer, Office of Construction (850) 414-4414
<b>Estimated Corrective Action Date</b>	March 1, 2007

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## U.S. DEPARTMENT OF THE TREASURY

<b>Finding Number</b>	<b>FA 06-016</b>
<b>Program Title</b>	<b>Cash Management Improvement Act (CMIA)</b>
<b>Compliance Requirement</b>	Cash Management
<b>State Agency</b>	<b>Florida Department of Financial Services (FDFS)</b>
<b>Finding Type</b>	Questioned Costs – \$24,661
<b>Finding</b>	FDFS did not maintain documentation to support the interest calculation costs claimed for the 2004-05 fiscal year.
<b>Criteria</b>	31 CFR 205.27, <i>Interest Calculation Costs</i>  U.S. Department of the Treasury correspondence dated February 26, 1997, approved the use of an estimate of the percentage of time worked as acceptable documentation. In the approval, the U.S. Department of the Treasury indicated that 25 percent of one person's time may be a reasonable amount to spend on CMIA administration for a State receiving a significant number of high dollar volume grants, provided that supportive documentation is maintained which will justify this expenditure of time. The U.S. Department of the Treasury also indicated that time spent administering CMIA may lessen in subsequent years.
<b>Condition</b>	The CMIA Annual Report for the 2004-05 fiscal year, dated December 30, 2005, included a claim for interest calculation costs of \$24,661. Based on the supporting documentation, these costs represented 40 percent of the salary and benefits for an employee formerly responsible for coordinating the State's CMIA activities. The salary and benefits amount used was \$12,794 less than the salary and benefits of the employee coordinating the CMIA activities during the reporting period. Additionally, FDFS did not document the time spent by the employee during the 2004-05 fiscal year to develop and maintain clearance patterns and to calculate interest costs. Rather, FDFS provided an e-mail dated December 2001 in which the employee formerly responsible for CMIA activities estimated the percentage of time spent on CMIA-related duties. Notwithstanding that the U.S. Treasury approved the use of an estimate of the percentage of time worked on covered activities, FDFS should use an estimate of the percentage of time spent on covered activities during the period applicable to the reporting period and apply that percentage to the salary and benefits of the employee performing covered activities during the reporting period.
<b>Cause</b>	FDFS did not have a procedure to update its estimate of the percentage of job duties reimbursable as direct costs of developing and maintaining clearance patterns and calculating interest costs.
<b>Effect</b>	FDFS had not substantiated the amount charged the Federal government for the development and maintenance of clearance patterns and calculation of interest costs.
<b>Recommendation</b>	We recommend that FDFS use documented information applicable to the reporting period to determine interest calculation costs.
<b>State Agency Response and Corrective Action Plan</b>	The percentage of salary and benefits attributed to maintaining clearance patterns and interest calculation costs has been updated and decreased to 25%. DFS will monitor the time spent on these two functions and will perform an annual review of staff time allocation to these duties to ensure the percentage allocated is substantiated. The documentation of the interest calculation costs claimed will be maintained in a file for each year.
<b>Agency Contact and Telephone Number</b>	Sharon Doxsee (850) 413-2789

**Estimated Corrective  
Action Date**

DFS submitted correct time allocation information in the 05-06 CMIA Interest Calculation Report submitted December 29, 2006, will continue to monitor the time spent on these two functions, and will perform an annual review to ensure the interest calculation costs claimed is properly documented and substantiated.

## U.S. DEPARTMENT OF THE TREASURY

<b>Finding Number</b>	<b>FA 06-017</b>
<b>Program Title</b>	<b>Cash Management Improvement Act (CMIA)</b>
<b>Compliance Requirement</b>	Cash Management
<b>State Agency</b>	<b>Florida Department of Financial Services (FDFS)</b>
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDFS could enhance its procedures to help ensure the accuracy and completeness of data submitted by State agencies and the resulting clearance patterns.
<b>Criteria</b>	31 CFR 205.22(b), <i>Accurate Clearance Patterns</i>
<b>Condition</b>	<p>Clearance patterns are reported in the CMIA Treasury-State Agreement and are used in calculating the State's interest liability. The Chief Financial Officer is the State official responsible under the CMIA Treasury-State Agreement and a Bureau Chief within FDFS certified the clearance patterns. We noted that FDFS sent each State agency an e-mail requesting the agency to provide account codes for selected Federal programs. However, our audit disclosed that FDFS did not have in place written procedures regarding the establishment of clearance patterns. Also, while FDFS personnel indicated that a review was performed to determine whether the calculated clearance patterns appeared reasonable, no documentation was maintained to evidence the review. Additionally, our review disclosed the following:</p> <ul style="list-style-type: none"> <li>• FDFS did not request account codes for two Federal programs listed in the CMIA Agreement.</li> <li>• For an additional four Federal programs, FDFS did not follow-up with the applicable State agencies when no data was provided, data provided was inaccurate, or the data provided failed to produce a clearance pattern.</li> <li>• FDFS instructions were not specific as to whether Federal and State funding sources related to the program should be included. Our review of account codes provided to FDFS for seven Federal programs disclosed one instance where the agency had included State-funded codes in the listing provided to FDFS.</li> </ul>
<b>Cause</b>	FDFS had no written procedures and did not provide detailed guidance to agencies. Also, evidence of FDFS review of data was not maintained. FDFS relied on the individual State agencies to submit accurate and complete data.
<b>Effect</b>	Clearance patterns may have been incorrectly calculated, which could affect the amount of interest owed to the Federal government.
<b>Recommendation</b>	In response to our inquiry, FDFS indicated that written procedures would be established. We recommend that FDFS complete and implement written procedures regarding the establishment of clearance patterns. Such procedures should include detailed instructions to the State agencies on accounts to include for each Federal program. We also recommend that FDFS establish and document specific procedures used for reviewing the data selection criteria provided by the agencies and the reasonableness of the resulting clearance patterns.
<b>State Agency Response and Corrective Action Plan</b>	DFS is establishing clearance pattern procedures which address the review of data selection criteria and the resulting clearance patterns for reasonableness. Annually, DFS will specifically request from each State agency data selection criteria which includes the warrant type, FLAIR account code, classification code, and Catalog of Federal Domestic Assistance (CFDA) number for each Federal



funding source related to the selected programs. DFS will confirm that account codes are submitted for each component of each program listed in the CMIA agreement. DFS will also confirm that a clearance pattern was generated for each account code submitted. Any material discrepancies will be examined and corrected. DFS will maintain documentation of this review.

**Agency Contact and  
Telephone Number**

Sharon Doxsee  
(850) 413-2789

**Estimated Corrective  
Action Date**

The clearance pattern procedures will be completed by January 31, 2007.

## U.S. ENVIRONMENTAL PROTECTION AGENCY

<b>Finding Number</b>	<b>FA 06-018</b>
<b>CFDA Number</b>	66.458 and 66.468
<b>Program Title</b>	<b>Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Capitalization Grants for Drinking Water State Revolving Funds (DWSRF)</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Program Income
<b>State Agency</b>	<b>Florida Department of Environmental Protection (FDEP) Florida Executive Office of the Governor (FEOG)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Questioned Costs – \$3,223,433 (\$2,882,682 CFDA No. 66.458; \$340,751 CFDA No. 66.468)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-021
<b>Finding</b>	CWSRF and DWSRF funds were used for an unallowable purpose. Additionally, the FDEP and FEOG Summary Schedules of Prior Audit Findings (SSPAF) related to this finding were not fairly stated.
<b>Criteria</b>	40 CFR 31.25 <i>Program income</i> ; 40 CFR 35.3115 <i>Eligible Activities of the SRF</i> ; 40 CFR 35.3530 <i>Limitations on uses of the Fund</i> ; Section 215.24, Florida Statutes; 2 CFR 225, Appendix B, Section 19., <i>General Government Expenses</i>
<b>Condition</b>	In audit report No. 2006-152, FA 05-021, we noted that the State had assessed a general revenue service charge against CWSRF and DWSRF service fees and CWSRF grant allocation assessments deposited into the FDEP Grants and Donations Trust Fund and against investment earnings associated with those fees and assessments. The general revenue service charge is not an allowable use of CWSRF and DWSRF funds.  In their SSPAF responses, both FDEP and FEOG indicated the finding had been fully corrected because the assessment of the service charge against the service fees and grant allocation assessments was discontinued as of October 20, 2005. However, FDEP continued to pay general revenue service charges assessed against interest earnings associated with invested service fees and grant allocation assessments. For the 2005-06 fiscal year, the net amounts deposited into the State's general revenue fund were \$261,060 and \$21,067 for CWSRF and DWSRF funds, respectively. Additionally, FDEP records showed that general revenue service charge assessments totaling \$3,223,433 through June 30, 2006, had not been restored to the programs. This amount includes assessments on service fees and grant allocation assessments from fiscal year 1999-2000 through October 19, 2005, and on their related investment earnings from fiscal year 1999-2000 through June 30, 2006.
<b>Cause</b>	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 were not specifically exempted prior to October 20, 2005, and related investment earnings continued to not be exempted as of June 30, 2006.
<b>Effect</b>	Failure to restore the \$3,223,433 to the programs may result in a reduction of Federal funding.
<b>Recommendation</b>	We recommend that the \$3,223,433, and any other general revenue service charge assessments made subsequent to June 30, 2006, be restored to the programs. We also recommend that FEOG specifically exempt from the general revenue service charge, the interest earnings associated with CWSRF and DWSRF service fees and grant allocation assessments.

**State Agency Response and  
Corrective Action Plan****Florida Department of Environmental Protection:**

FDEP received the final FY 2005 Performance Evaluation Report issued by USEPA for the CWSRF program on January 8, 2007, and for the DWSRF program on January 9, 2007. These reports further clarify USEPA's position that the general revenue service charge is not an allowable cost of the CWSRF and DWSRF programs. Pursuant to the USEPA report, FDEP will continue to work with FEOG and FDFS to restore all service charges improperly assessed to the programs.

**Florida Executive Office of the Governor:**

Pursuant to the United States Environmental Protection Agency report, the Florida Executive Office of the Governor will continue to work with the Florida Department of Environmental Protection and the Florida Department of Financial Services to ensure that all service charges improperly assessed to the Clean Water State Revolving Funds and the Drinking Water State Revolving Funds programs are restored, and that no further assessments related to the interest earnings of the program revenues are assessed.

**Agency Contact and  
Telephone Number****Florida Department of Environmental Protection:**

Lynda Watson, Chief of Finance and Accounting  
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(850) 245-2420  
Lynda.Watson@dep.state.fl.us

**Florida Executive Office of the Governor:**

Robert Beck, Budget Director  
1702 The Capitol  
Tallahassee, Florida 32399-0001  
(850) 487-1880

**Estimated Corrective  
Action Date****Florida Department of Environmental Protection:**

Upon approval by FEOG, FDEP will work with FDFS to identify general revenue service charges improperly assessed against CWSRF and DWSRF service fees and grant allocations and related interest earnings and to restore identified amounts to the CWSRF and DWSRF programs by March 31, 2007.

**Florida Executive Office of the Governor:**

Upon receipt of documentation from the Florida Department of Environmental Protection, the Florida Executive Office of the Governor will work with the Florida Department of Environmental Protection and the Florida Department of Financial Services to restore program revenues and interest by March 31, 2007.

## U.S. ENVIRONMENTAL PROTECTION AGENCY

<b>Finding Number</b>	<b>FA 06-019</b>
<b>CFDA Number</b>	66.458 and 66.468
<b>Program Title</b>	<b>Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Capitalization Grants for Drinking Water State Revolving Funds (DWSRF)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Department of Environmental Protection (FDEP)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDEP did not always follow established procedures to notify entities when required A-133 audit reports were overdue.
<b>Criteria</b>	OMB Circular A-133, §__.320(a), <i>Report submission</i> and §__.400(d), <i>Pass-through entity responsibilities</i> ; FDEP SRF Annual Audit Desktop Procedures
<b>Condition</b>	During the 2004-05 fiscal year, FDEP provided CWSRF and DWSRF program funds in excess of \$500,000 each to 44 sponsors (loan/grant recipients). As of September 1, 2006, the date of our audit fieldwork, FDEP had not received A-133 audit reports for 14 sponsors whose A-133 audit reports were due no later than June 30, 2006, and had not sent required follow-up letters to those entities.
<b>Cause</b>	Due to oversight, FDEP did not follow established procedures.
<b>Effect</b>	Absent the receipt and review of A-133 audit reports, FDEP's assurance that subrecipients are using Federal funds in accordance with Federal regulations is diminished.
<b>Recommendation</b>	As of November 29, 2006, FDEP had received audit reports from 5 of the 14 sponsors and was in the process of sending follow-up letters to the remaining 9 sponsors. We recommend that FDEP ensure established procedures to notify entities of overdue audit reports are followed. To more timely locate sponsors' A-133 audit reports, FDEP may want to consider modifying established procedures to include checking sponsors' Web sites and the Federal Audit Clearinghouse Web site.
<b>State Agency Response and Corrective Action Plan</b>	The Bureau of Water Facilities Funding will ensure that established procedures in its SRF Annual Audit Desktop Procedure document are followed on a more timely basis to notify sponsors of overdue audit reports. Procedures will be updated to include checking sponsors' websites and the Federal Audit Clearinghouse website for such audit reports if necessary. Regarding the 9 sponsors noted above, the Department has sent follow-up letters. One sponsor has not filed an audit and is on the list of communities in a "State of Financial Emergency". The Bureau remains in contact with the Executive Office of the Governor, Office of Inspector General regarding the sponsor's status.
<b>Agency Contact and Telephone Number</b>	Michael Murphree, Program Administrator (850) 245-8363
<b>Estimated Corrective Action Date</b>	Prior to June 30, 2007

## U.S. ENVIRONMENTAL PROTECTION AGENCY

<b>Finding Number</b>	<b>FA 06-020</b>
<b>CFDA Number</b>	66.468
<b>Program Title</b>	<b>Capitalization Grants for Drinking Water State Revolving Funds (DWSRF)</b>
<b>Compliance Requirement</b>	Reporting
<b>State Agency</b>	<b>Florida Department of Environmental Protection (FDEP)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-022
<b>Finding</b>	FDEP had not established written procedures to ensure the accuracy and completeness of the Drinking Water State Revolving Fund Annual Report for State Fiscal Year 2005 (Annual Report).
<b>Criteria</b>	40 CFR 35.3570, <i>Reports and Audits</i>
<b>Condition</b>	In audit report No. 2006-152, finding No. FA 05-022, we reported that changes in personnel and the absence of written desk procedures (detail instructions) contributed to a lack of understanding regarding what should be present in the 2004 Annual Report and the appropriate methodology for collecting and presenting the information. Written desk procedures were not prepared prior to preparing and submitting the 2005 Annual Report.
<b>Cause</b>	FDEP prepared and submitted the 2005 Annual Report prior to the release of audit report No. 2006-152 and the implementation of corrective procedures in September 2006.
<b>Effect</b>	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.
<b>Recommendation</b>	We recommend that FDEP ensure effective desk procedures are implemented and followed in preparing the Annual Report.
<b>State Agency Response and Corrective Action Plan</b>	Written procedures have been developed and were used in preparing the 2006 Annual Report. We will make improvements as necessary, and continue to use these procedures for the preparation of future reports.
<b>Agency Contact and Telephone Number</b>	Craig Diltz, Program Administrator (850) 245-8695
<b>Estimated Corrective Action Date</b>	September 15, 2006

**U.S. DEPARTMENT OF EDUCATION**

**Finding Number** FA 06-021  
**CFDA Number** Various (See Condition)  
**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 (See Condition)  
**Finding Type** Reportable Condition  
 Questioned Costs – \$69,787.86

**Finding** FDOE charged payments for unused leave as direct costs to various Federal programs, contrary to Federal regulations.

**Criteria** 2 CFR 225 Appendix B, Section 8.d., *Fringe benefits*

**Condition** Pursuant to Section 110.219(7), Florida Statutes, each December, a permanent career service employee shall be entitled, subject to available funds, to a payout of 24 hours of unused annual leave. However, no such employee shall receive a payout greater than 240 hours, including any leave received at the time of separation. An official with U.S. Office of Management and Budget advised us that these payments would generally be considered indirect costs.

Our review disclosed that payments totaling \$69,787.86 for unused leave, including payments for unused leave of terminated employees and 24-hour leave payouts, were made during the 2005-06 fiscal year and charged as direct costs to the Federal programs listed below:

CFDA Number	Program Title	Federal Grant Number	Amount
10.559	Summer Food Service Program for Children	5FL300323	\$444.24
84.002	Adult Education - State Grant Program	V002A050009	\$686.65
84.010	Title I Grants to Local Educational Agencies	S010A050009	\$3,013.95
84.027	Special Education - Grants to States	H027050009	\$1,019.91
84.048	Vocational Education - Basic Grants to States	V048A050009	\$760.52
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	H126A060013	\$13,492.80
		H126A060086	\$50,369.79

**Cause** FDOE did not always review its accounting records to determine if, contrary to established procedures, payments for unused leave were charged to Federal funds.

**Effect** Federal program funds were used to pay expenses that should have been allocated as general administrative expenses to all FDOE activities.

**Recommendation** We recommend FDOE enhance its procedures to include a periodic supervisory review that will help to ensure that unused leave payments are charged as a general administrative expense (indirect cost) to all activities of FDOE.

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<b>State Agency Response and Corrective Action Plan</b>	FDOE has created the necessary adjustments to properly reflect the unused leave payments as general administrative expense. Additionally, FDOE will enhance its procedures to ensure that all unused leave payments are properly charged.
<b>Agency Contact and Telephone Number</b>	Jon Manalo, Office of the Comptroller (850) 245-9996
<b>Estimated Corrective Action Date</b>	Completed
<b>Auditor's Remarks</b>	The criteria for this audit finding is 2 CFR 225, Appendix B, Section 8.d.(3), which provides that "when a governmental agency uses the cash basis of accounting, the cost of leave is recognized in the period the leave is taken and paid for. 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." Based on guidance provided by officials with the U.S. Office of Management and Budget and Florida's cognizant agency for audit, we have included finding Nos. FA 06-005, 06-021, 06-045, 06-046, and 06-070 for audit resolution.

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-022</b>
<b>CFDA Number</b>	<b>Various</b>
<b>Program Title</b>	<b>Various</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Department of Education</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-027
<b>Finding</b>	The results of FDOE's monitoring visits were not timely communicated to the LEAs.
<b>Criteria</b>	34 CFR 80.40(a), <i>Monitoring and reporting program performance</i> ; OMB Circular A-133, §__400(d), <i>Pass-through entity responsibilities</i> ; FDOE No Child Left Behind Monitoring of Local Education Agency Programs 2005-06 Policies and Procedures requires monitoring reports to be completed and submitted to the districts within 45 days from the end of the on-site visit.
<b>Condition</b>	<p>Our tests of FDOE monitoring records disclosed that FDOE had made significant progress in addressing the prior audit finding. However, our review of 11 monitoring reports for CFDA No. 84.010, Title I Grants to Local Educational Entities, and CFDA No. 84.367, Improving Teacher Quality State Grants, disclosed that the reports were completed and submitted to the districts 172 to 201 days after the on-site visits.</p> <p>In addition, for CFDA No. 84.365, English Language Acquisition State Grants, our review of the monitoring process for 3 on-site visits disclosed that in 1 instance the monitoring report was completed and submitted to the district 172 days after the on-site visit. For the other 2 instances, the reports had not been released after 214 and 221 days after the on-site visits, respectively.</p>
<b>Cause</b>	FDOE personnel stated that the delays in issuing the monitoring reports were due to the inexperience of the staff who conducted the on-site monitoring and an extensive review and editing process to ensure consistency and accuracy of findings.
<b>Effect</b>	The untimely communication of the monitoring reports may delay corrective actions by the LEAs.
<b>Recommendation</b>	FDOE staff indicated that steps have been taken to provide additional training and assistance so that the results of the monitoring visits will be more easily reported. We recommend that FDOE continue its efforts to ensure that the monitoring reports are provided to the LEAs in a timely manner.
<b>State Agency Response and Corrective Action Plan</b>	<p>As was correctly noted in the recommendation, FDOE staff have taken steps to ensure that reports will be reported in a timely manner. For the Title I and Improving Teacher Quality grants, the following steps have been taken:</p> <ul style="list-style-type: none"> <li>-The pool of monitors was expanded by adding selected district staff.</li> <li>-Extensive training (a minimum of two full days) was provided to all staff participating in monitoring visits.</li> <li>-All onsite visits were conducted during two weeks in January, ensuring that monitoring staff had sufficient time to produce reports and that management had sufficient time to review reports to ensure accuracy and consistency.</li> </ul>



-A tracking system has been created and implemented to ensure that districts receive timely reports and that FDOE staff follow up on findings in a timely and complete manner.

With respect to the English Language Acquisition State Grants, a complete review of the monitoring process and procedures was undertaken to identify barriers to timely completion of reports. This review resulted in a number of steps being taken including:

- Revision of the work papers to eliminate duplication of effort.
- Extensive training of staff on new work papers, procedures, and reporting requirements.
- Streamlining of reporting template/structure and process.

FDOE will continue to refine and enhance practices and procedures to ensure that monitoring reports are issued and that necessary correction actions are taken in a timely manner.

**Agency Contact and Telephone Number**

Martha K. Asbury, Chief, Bureau of Contracts, Grants and Procurement  
(850) 245-0735  
Cheryl Sattler, Chief, Bureau of Student Assistance  
(850) 245-0415  
Lisa Saavedra, Executive Director  
Office of Academic Achievement Through Language Acquisition  
(850) 245-5074

**Estimated Corrective Action Date**

Completed

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-023</b>
<b>CFDA Number</b>	<b>84.010</b>
<b>Program Title</b>	<b>Title I Grants to Local Educational Agencies (LEAs)</b>
<b>Compliance Requirement</b>	Special Tests and Provisions – Comparability
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-029
<b>Finding</b>	FDOE had not resolved the issues reported in the prior audit regarding the receipt and review of Title I comparability reports.
<b>Criteria</b>	OMB Circular A-133 Compliance Supplement – March 2006, Special Tests and Provisions
<b>Condition</b>	<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 it has filed with FDOE a written assurance that the LEA has established and implemented procedures to have met the comparability requirement. FDOE is required to annually monitor compliance with the comparability requirement.</p> <p>Comparability reports for the 2005-06 school year were due to FDOE by May 31, 2006. According to FDOE records, 22 of the 67 LEAs had not submitted the comparability reports by May 31, 2006. We selected 6 LEA comparability reports that were submitted to FDOE by May 31, 2006, and noted that FDOE did not review 3 of the reports until December 2006. For the remaining 3 reports, a review was conducted; however, there was no documentation indicating when the review was conducted.</p>
<b>Cause</b>	<p>FDOE cited various reasons for why some of the reports were received by FDOE past the deadline, such as, FDOE's request to submit the reports was issued later than usual because FDOE was consulting with USED about the possibility of making major changes in the calculation and verification of comparability; the reports were due to FDOE during the time period when districts were heavily involved in other Title I activities; some districts had new staff; and FDOE's staff was also in transition.</p> <p>Similarly, regarding the delay in the review of the reports, FDOE cited that it was directly attributable to the transition noted above, staff vacancies at the time reports were due, and competing priorities such as review of project applications and Title I plans.</p>
<b>Effect</b>	Without timely receipt and an appropriate and timely review of required comparability reports, FDOE may not detect LEA noncompliance with comparability requirements and take appropriate actions, including the withholding of funds to the LEA.
<b>Recommendation</b>	FDOE staff indicated that steps had been taken to address all of these issues including hiring additional personnel and sending out the request for comparability reports much earlier in the 2006-07 school year. We recommend that FDOE ensure that reports are obtained from the LEAs and appropriately reviewed by FDOE personnel in a timely manner.

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<b>State Agency Response and Corrective Action Plan</b>	<p>As was correctly noted in the Recommendation, FDOE staff have taken steps to address this issue. Actions taken include:</p> <ul style="list-style-type: none"><li>-In 2006-07 comparability reports were requested in the Fall and were required to be submitted to FDOE before the winter holidays. Consistent with this practice, comparability reports will always be requested immediately following the FTE week to facilitate timely review and corrective action by districts as necessary. (Reviews of all 2006-07 comparability reports were completed by the end of February, 2007.)</li><li>-As a quality control measure, FDOE is requesting backup documentation from a sample of districts to verify the initial review results.</li><li>-Additional staff have been trained and assigned to complete the reviews and to provide oversight.</li><li>-FDOE is examining the possibility of putting the comparability report online to facilitate district submissions and to incorporate appropriate edit checks.</li><li>-FDOE is publishing additional guidance on calculating comparability to further minimize confusion and the need for corrective actions.</li></ul>
<b>Agency Contact and Telephone Number</b>	<p>Cheryl Sattler, Chief, Bureau of Student Assistance (850) 245-0415</p>
<b>Estimated Corrective Action Date</b>	<p>Completed</p>

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-024</b>
<b>CFDA Number</b>	<b>Various</b>
<b>Program Title</b>	<b>Various</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-023
<b>Finding</b>	FDOE management had not resolved issues regarding unallowable costs noted in the prior audit.
<b>Criteria</b>	2 CFR 225, Appendix A, Section C, <i>General Principles for Determining Allowable Costs – Basic Guidelines</i> and Appendix B, Section 15, <i>Selected Items of Cost – Equipment and Other Capital Expenditures</i>
<b>Condition</b>	<p>In our prior audit report, we noted that FDOE paid \$142,874.81 for equipment, including a generator, and later charged various Federal programs a portion of this cost totaling \$14,346.05 for the major programs listed below.</p> <p>Adult Education – State Grant Program (CFDA No. 84.002) - \$2,799.41</p> <p>Special Education – Grants to States (CFDA No. 84.027) - \$7,001.05</p> <p>Vocational Education – Basic Grants to States (CFDA No. 84.048) - \$4,545.59</p> <p>As of June 30, 2006, FDOE had not taken corrective action to resolve the prior finding.</p>
<b>Cause</b>	FDOE staff indicated that corrective action had not been taken as they were awaiting direction from USED.
<b>Effect</b>	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.
<b>Recommendation</b>	If the costs are disallowed by the Federal granting agency, we recommend that FDOE promptly reimburse the applicable programs.
<b>State Agency Response and Corrective Action Plan</b>	As stated previously, the Department does not agree with the finding and has been in contact with USED staff. Resolution of this issue via a Program Determination Letter should be forthcoming in the near future.
<b>Agency Contact and Telephone Number</b>	Martha K. Asbury, Chief, Bureau of Contracts, Grants, and Procurement (850) 245-0735
<b>Estimated Corrective Action Date</b>	Dependent on response from USED.

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-025</b>
<b>CFDA Number</b>	84.048
<b>Program Title</b>	<b>Vocational Education – Basic Grants to States</b>
<b>Compliance Requirement</b>	Allowable Cost/Cost Principles
<b>State Educational Entity</b>	<b>Florida Community College at Jacksonville (FCCJ)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	162-1516A-6CP01, July 1, 2005 – June 30, 2006
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$33,860.61
<b>Finding</b>	The institution directly charged the grant for general purpose capital equipment without the required prior approval from the awarding agency.
<b>Criteria</b>	2 CFR 220, Appendix A, Section J. 18. b. (1), Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.
<b>Condition</b>	During the 2005-06 fiscal year, the institution purchased five capital expenditure items described as office equipment totaling \$33,860.61. The purchases were recorded as direct charges to the grant; however, the institution did not, of record, obtain the required advance approval prior to making the purchases.
<b>Cause</b>	Institution personnel indicated that it was their intention to record the purchases as a component of their 5 percent allowable maximum for administrative costs; however, this did not occur.
<b>Effect</b>	The institution may be required to repay the grant from institutional funds if it is determined that the costs are disallowed.
<b>Recommendation</b>	The institution should ensure that prior approval for capital expenditure items is obtained, when required, before expending Federal funds. Also, the institution should enhance its monitoring procedures to ensure that only allowable costs are charged to the grant. If it is determined that the charges are unallowable, the institution should return \$33,860.61 to the awarding agency.
<b>FCCJ Response and Corrective Action Plan</b>	Furniture was purchased for program administrative staff which was within the allowable 5% administrative cost; however, due to an oversight the College did not get prior permission to purchase. The College sought guidance from the Florida Department of Education on the cost in question and was advised that determination of any action would be addressed after the Audit is released. The College will obtain approval in writing prior to future purchases when required.
<b>FCCJ Contact and Telephone Number</b>	Jim Simpson, Associate Vice President Workforce Development & Adult Education, (904) 632-5049
<b>Estimated Corrective Action Date</b>	December 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-026</b>
<b>CFDA Number</b>	<b>84.048</b>
<b>Program Title</b>	<b>Vocational Education - Basic Grants to States</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, Earmarking
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	V048A020009
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$60,000
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-035
<b>Finding</b>	FDOE had not resolved issues regarding allotments and expenditures for Nontraditional Training and Education (NTE) disclosed in the prior audit.
<b>Criteria</b>	20 USC Chapter 44, Subchapter I, Part A, Section 2322(a)(2)(B), <i>State Leadership Activities</i>
<b>Condition</b>	The State is required to set aside, for the purpose of NTE, Perkins Leadership funds in an amount greater than \$60,000 but not more than \$150,000. In report No. 2006-152, finding No. FA 05-035, we noted that FDOE did not record an allotment and related expenditure of Perkins Leadership funds for NTE in the State's accounting system (FLAIR). In the Summary Schedule of Prior Audit Findings as of June 30, 2006, FDOE management indicated that the finding had not been corrected. FDOE contacted USED with respect to this finding. As of June 30, 2006, a final determination had not yet been received from USED.
<b>Cause</b>	FDOE staff indicated that the majority of expenditures were coded to account codes for Perkins Leadership or General Revenue and there is not a separate code for NTE funds.
<b>Effect</b>	FDOE cannot evidence compliance with the earmarking requirement for NTE.
<b>Recommendation</b>	We continue to recommend that FDOE establish accounting codes that allow for the identification of allotments to and expenditures for NTE within the State's accounting system.
<b>State Agency Response and Corrective Action Plan</b>	As indicated previously, the Department does not agree with this finding. FDOE staff have been in contact with USED staff and resolution of the issue via a Program Determination Letter should be forthcoming in the near future.
<b>Agency Contact and Telephone Number</b>	Martha K. Asbury, Chief, Bureau of Contract, Grants, and Procurement (850) 245-0725 Bonnie Marmor, Vice Chancellor, Workforce Education (850) 245-0446
<b>Estimated Corrective Action Date</b>	Dependent on response from USED.

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-027</b>
<b>CFDA Number</b>	<b>84.048</b>
<b>Program Title</b>	<b>Vocational Education – Basic Grants to States</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, and Earmarking, and Reporting
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	V048A030009
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-034
<b>Finding</b>	FDOE was unable to provide the Interim or Final Financial Status Reports (FSR) for audit. Additionally, FDOE did not document that matching and maintenance of effort requirements were met.
<b>Criteria</b>	34 CFR 80.40(b)(1)(4), <i>Annual Performance Report</i> ; 34 CFR 80.41 <i>Financial Status Report</i> ; 34 CFR 403.181, <i>Cost sharing requirements</i> ; 34 CFR 403.182, <i>Maintenance of fiscal effort requirement</i>
<b>Condition</b>	<p>Under the Vocational Education - Basic Grants to States program, State agencies are required to submit interim and final FSRs to USED. FDOE was unable to provide copies of the interim or final FSR reports for the period July 1, 2003 through September 2005, due to USED by December 30, 2005. Additionally, FDOE did not maintain documentation evidencing that Perkins Match and Maintenance of Effort requirements were met for the 2003-04 fiscal year. As the FSRs were not retained, our audit scope and procedures were restricted.</p> <p>Subsequent to our audit inquiry, FDOE, on November 8, 2006, provided worksheets dated November 2, 2006, that indicated the Perkins Match and Maintenance of Effort requirements were met for the 2003-04 fiscal year. However, there was no supporting documentation, such as accounting records, organizational charts, or a time distribution analysis, provided to substantiate the calculations.</p>
<b>Cause</b>	FDOE indicated that the individual responsible for the preparation of this report became ill in November 2006, and FDOE was unable to retrieve the information from the employee's computer.
<b>Effect</b>	FDOE is unable to demonstrate that the Vocational Education reporting and Perkins Match and Maintenance of Effort requirements were met.
<b>Recommendation</b>	On January 10, 2007, subsequent to the completion of our audit field work for this Program, FDOE obtained a copy of the applicable FSRs from USED. We recommend that FDOE ensure that appropriate documentation is timely prepared, maintained, and readily available.
<b>State Agency Response and Corrective Action Plan</b>	As the "Cause" statement correctly indicates, the proximate cause of the lack of documentation availability was the serious and extended illness of the staff member with responsibility for preparation of the reports and appropriate documentation. It should be noted that the delay in preparation of the documentation was due to the intent of FDOE to receive a response to the finding from the prior-year audit report with respect to Matching, Level of Effort, Earmarking, and Reporting before completing the following year's work. As of January 10, 2007, such final response from USED had not yet been received although extensive discussions and submission of additional requested documentation had been completed.

In order to ensure that the unavailability of a single staff member does not unduly delay these reporting and documentation functions, the FDOE is cross-training other Workforce Education employees to retrieve needed information and compile required reports. Additionally all documentation, reports, and information related to reports are being maintained on a secured shared technology drive.

FDOE continues to work with the USED Office of Vocational and Adult Education to resolve the prior-year findings and is awaiting the final Program Determination Letter pertaining to the issue. In the interim, FDOE continues to implement procedures to ensure adequate documentation of the agency's compliance with the requirements.

**Agency Contact and  
Telephone Number**

Martha K. Asbury, Chief, Bureau of Contracts, Grants, and Procurement  
(850) 245-0735

Bonnie Marmor, Vice Chancellor, Workforce Education  
(850) 245-0446

**Estimated Corrective  
Action Date**

June 30, 2007 and dependent on response from USED.



## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-028</b>
<b>CFDA Number</b>	<b>84.126</b>
<b>Program Title</b>	<b>Rehabilitation Services – Vocational Rehabilitation Grants to States (VR)</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b> <b>Division of Blind Services (DBS)</b> <b>Division of Vocational Rehabilitation (DVR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	N/A
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-038
<b>Finding</b>	FDOE did not always ensure that VR program regulations pertaining to ineligibility determination were met. Additionally, FDOE did not provide adequate information to clients, and in one instance, did not refer a client determined to be ineligible, to other One-Stop delivery programs that might address the individual's training or employment related needs.
<b>Criteria</b>	34 CFR 361.41(b), <i>Processing referrals and applications</i> ; 34 CFR 361.43, <i>Procedures for ineligibility determination</i>
<b>Condition</b>	<p>After an applicant has completed an application for vocational rehabilitation services, FDOE either issues a Certification of Eligibility or a Certification of Ineligibility depending upon whether or not the applicant has been determined to be eligible or ineligible for vocational rehabilitation services. Resulting from this decision, FDOE responsibilities also include: (1) informing the individual in writing of the ineligibility determination, including the means by which the individual may seek remedy for any dissatisfaction; (2) providing the individual with a description of services available from a client assistance program; and (3) referring the individual to other programs that are part of the One-Stop service delivery system under the Workforce Investment Act, or to local extended employment providers if the ineligibility determination is based on a finding that the individual is incapable of achieving an employment outcome.</p> <p>We reviewed case records of 60 individuals of which 15 pertained to the making of an ineligibility determination (10 applicable to DVR and 5 applicable to DBS). For 2 of the 5 DBS case records, there was no Certificate of Ineligibility included. Further, in 2 separate instances (1 from DBS and 1 from DVR), the Certificates of Ineligibility were not signed by the counselor as required by FDOE procedures.</p> <p>In addition to the above, we noted that for 2 of the 5 DBS case records, the letters addressed to the individuals failed to include information regarding ways they may seek remedy for any dissatisfaction, as well as a description of the services available from a client assistance program.</p> <p>Also, we noted that for 1 of the DBS case records, the individual was not referred to other programs that are part of the One-Stop Service Delivery System. Similarly, for 3 of the 10 DVR case files, the individuals were not provided the addresses of the One-Stop Service Centers.</p>
<b>Cause</b>	FDOE procedures were not always followed and oversights occurred.
<b>Effect</b>	Applicants may be precluded from being adequately served by other available means within the State, as well as, FDOE has not provided assurance that the program is being implemented as intended.

<b>Recommendation</b>	We recommend that FDOE continue to emphasize, through training and technical assistance, the importance of adhering to applicable laws, rules, guidelines and procedures.
<b>State Agency Response and Corrective Action Plan</b>	<p>The Division of Vocational Rehabilitation continues to address adherence to prescribed procedures at Supervisor Training and New Counselor Training, through communication with area directors, and through counselor performance reviews. The activities are ongoing and include documentation of ineligibility and referrals to One Stop Service Centers.</p> <p>The Division of Blind Services will ensure compliance with the procedures for ineligibility determination and processing referrals by: (1) filing a signed "Certificate of Ineligibility" in the individual's case record as applicable; (2) revising the letter addressed to individuals to include ways to seek remedy for any dissatisfaction and a description of services available from the client assistance program; and (3) preparing a "Client Referral Form" that the individual can take to the One-Stop Service Delivery System that identifies the services required.</p> <p>Comprehensive training to reinforce these procedures for all Division of Blind Services District Administrators, DVR Supervisors, and DVR Specialists will be performed in March 2007 during the monthly teleconference held by the Chief, Bureau of Client Services and Program Support.</p>
<b>Agency Contact and Telephone Number</b>	Linda Parnell, Bureau Chief Field Services for the Division of Vocational Rehabilitation (850) 245-3343 Craig Kiser, Director for the Division of Blind Services (850) 245-0331
<b>Estimated Corrective Action Date</b>	March 2007 and continuing.

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-029</b>
<b>CFDA Number</b>	<b>84.126</b>
<b>Program Title</b>	<b>Rehabilitation Services – Vocational Rehabilitation Grants to States (VR)</b>
<b>Compliance Requirement</b>	Reporting
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b> <b>Division of Vocational Rehabilitation (DVR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	H126A040086 (2004) and H126A050086 (2005)
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDOE did not have an established independent review procedure in place that ensured the Annual VR Program/Cost Report (RSA-2) was accurate prior to its submission to USED and that Federal regulations were met.
<b>Criteria</b>	USED Instructions for Annual VR Program/Cost Report (RSA-2); 34 CFR 80.20(a)(1), <i>Standards for Financial Management Systems</i> , 34 CFR Section 361.40, <i>Reports</i>
<b>Condition</b>	<p>The RSA-2 report must include all expenditures made from obligations incurred during the specified period from all Federal, State, and other rehabilitation funds, including Section 110 Federal funds, Title VI-B Federal funds, and program income funds that were carried over from the previous fiscal year. Data submitted on the RSA-2 is used by USED to administer and manage the program, as well as analyze expenditures, evaluate program performance, and identify problem areas.</p> <p>Our audit of the 2005 RSA-2 report disclosed incorrectly reported amounts within Schedule IV – Expenditures from Title VI-B Funds and Other Rehabilitation Funds and within Schedule V – Carryover Funds, totaling \$2,988,460 and \$4,669,252, respectively. For all eight lines required to be completed as a part of the reporting requirement, FDOE erroneously reported the amounts that were included in the prior year’s RSA-2 report. Due to the complexity of the calculations, it was not practicable for us to determine the amounts that should have been reported.</p>
<b>Cause</b>	FDOE staff did not update the figures from the prior year’s annual report.
<b>Effect</b>	USED did not have readily available accurate, current, and complete grant information for its use in administering and managing the VR Program.
<b>Recommendation</b>	We recommend that FDOE ensure that reports are independently reviewed prior to submission to USED.
<b>State Agency Response and Corrective Action Plan</b>	<p>The RSA-2 report was revised and submitted to the USED on February 21, 2007. The report was revised to submit data from the correct year (Federal Fiscal Year 2005 instead of 2004).</p> <p>FDOE will continue to have two or more people from the accounting staff review the report. One of the reviewers will be a staff member not directly involved with the preparation of the report.</p> <p>Staff will also continue to include other measures to insure the accuracy of the report, including logic tests, comparison of prior-year versus current year data and work sheet formulas. A blank template for the report will be used in future years thus preventing prior-year data from being transferred.</p>
<b>Agency Contact and Telephone Number</b>	Richard Lee, Comptroller's Office (850) 245-9355
<b>Estimated Corrective Action Date</b>	March 7, 2007, and ongoing

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-030</b>
<b>CFDA Number</b>	<b>84.181</b>
<b>Program Title</b>	<b>Special Education - Grants for Infants and Families with Disabilities</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health</b>
<b>Federal Grant/Contract Number and Grant Year</b>	H181A040099
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$53,951.56
<b>Finding</b>	FDOH had not established procedures to reconcile amounts paid to subrecipients to amounts expended by the subrecipients for contracts ended June 30, 2005.
<b>Criteria</b>	34 CFR 80.3, <i>Subgrantees are accountable to the grantee for the use of the funds provided</i> ; 34 CFR 80.22, <i>funds may not be used for profit to subgrantees</i>
<b>Condition</b>	During the 2005-06 fiscal year, 16 local Early Steps providers (subrecipients) under contracts ended June 30, 2005, were required to provide an annual report comparing the 2004-05 line item budget and actual subrecipient expenditures. FDOH did not reconcile the amount FDOH paid to the subrecipient to the amount expended by the subrecipient, as reported on the annual reports. A review of the annual report submitted by 1 of the 16 local Early Steps providers showed that total FDOH payments exceeded actual subrecipient expenditures by \$53,951.56.
<b>Cause</b>	FDOH had not established procedures to reconcile the amount paid to the reported expenditures for the contracts ended June 30, 2005.
<b>Effect</b>	Without reconciliations, FDOH cannot ensure that Program funds not spent by the Early Steps providers are either returned to FDOH or appropriately expended for allowable purposes during the subsequent contract year, as authorized by FDOH.
<b>Recommendation</b>	FDOH should implement procedures to ensure that timely reconciliations of the amount expended to the amount paid under contracts with the local Early Steps providers are performed. Additionally, FDOH should reconcile the 2004-05 amounts paid by FDOH to the actual expenditures reported for the remaining 15 subrecipients and ensure that any identified balances are expended for allowable purposes within the grant period or returned to FDOH.
<b>State Agency Response and Corrective Action Plan</b>	<p>We concur with this finding as it pertains to the 04-05 Early Steps contracts. Effective June 9, 2005, FDOH policy required contracts containing state financial assistance or Federal awards to include language mandating certain financial reporting requirements and reconciliation of provider expenditures as well as the handling of unexpended funds. The 2005-06 Early Steps contracts contained this language and a process for performing the required reconciliations was implemented. The contracts for 2006-07 also include this language. The language specifies that funds received by the provider in excess of expenditures made by the provider in provision of the services under the contract will be remitted to the department within 45 days of expiration or termination of the contract unless the provider submits a spending plan to the department prior to the expiration of the contract. The spending plan must be approved by FDOH and outline plans for how the funding will be spent.</p> <p>Reconcile the 2004-05 contract payments made to each provider against each provider's annual expenditure report and will take appropriate action pertaining to any unexpended funds identified.</p>

**Agency Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

February 19, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-031</b>
<b>CFDA Number</b>	<b>84.181</b>
<b>Program Title</b>	<b>Special Education - Grants for Infants and Families with Disabilities</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	H181A040099 (2004-05) and H181A050099 (2005-06)
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$42,746.46
<b>Finding</b>	Records of time worked were not maintained to support salary costs charged to the Program.
<b>Criteria</b>	2 CFR 225, Appendix B.8.h.(4), <i>Support of Salaries and Wages</i>
<b>Condition</b>	We tested 32 Federal expenditures, 19 of which were salary payments related to 9 employees. As described below, for 2 of the 9 employees FDOH did not maintain required time and effort records. <ul style="list-style-type: none"> <li>• For one employee, FDOH charged salaries and benefits totaling \$24,737.18 to the Program (Federal Grant Nos. H181A040099: \$4,059.70; H181A050099: \$20,677.48). However, a certification was not provided to evidence that the employee worked solely on the Program.</li> <li>• For one employee, FDOH charged salaries and benefits totaling \$18,009.28 to the Program although the employee indicated that she did not work solely on the Program (Federal Grant No. H181A050099). Time and effort records required for employees who work on more than one program or cost objective were not prepared.</li> </ul>
<b>Cause</b>	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.
<b>Effect</b>	The Program was charged costs in excess of the benefits received.
<b>Recommendation</b>	FDOH should ensure that payroll certifications are obtained for all employees working solely on the Program. Additionally, FDOH should maintain time and effort records for employees that work on more than one program or cost objective.
<b>State Agency Response and Corrective Action Plan</b>	Concur. DOH CMS has included another step (at six months) in our process to ensure the certification of positions funding forms are obtained from all employees working solely on the Part C Grant. Additionally, we have identified one employee who is funded by more than the Part C Grant and will modify the certification form for future use. The employee working on more than one Federal award will prepare the daily time record form and submit it bi-weekly.
<b>Agency Contact and Telephone Number</b>	Janice Kane, Early Steps (850) 245-4221
<b>Estimated Corrective Action Date</b>	February 1, 2007 and on-going

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-032</b>
<b>CFDA Number</b>	<b>84.181</b>
<b>Program Title</b>	<b>Special Education Grants for Infants and Families with Disabilities</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	COQHX July 1, 2004 – June 30, 2007
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$7,958.26
<b>Finding</b>	After-the-fact time-and-effort reports reflecting actual time worked by employees on the Program were not always completed timely. Also, the institution reimbursed employees for mileage at the U.S. General Services Administration (GSA) Domestic Per Diem Rate Schedule instead of rates authorized by Section 112.061, Florida Statutes.
<b>Criteria</b>	2 CFR 220, Appendix A, Sections C.2. Factors affecting allowability of costs; J.10 Compensation for personnel services; J.53, Travel costs; Section 112.061, Florida Statutes, per diem and travel expenses; and the Institution's Directives and Procedures
<b>Condition</b>	<p>The institution's 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 Summer 2005 term, which ended in August 2005, and the Fall 2005 term, which ended in December 2005, were not completed for institution personnel until May 12, 2006, and July 24, 2006, respectively, contrary to institution policy and Federal regulations. Additionally, certifications for non-academic personnel were completed at the end of each academic term, rather than monthly, contrary to Federal regulations.</p> <p>The institution reimbursed employees for mileage at the U.S. General Services Administration (GSA) Domestic Per Diem Rate Schedule instead of rates authorized by Section 112.061, Florida Statutes. 20 CFR 220, 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 the Program for employee mileage by \$7,958.26.</p>
<b>Cause</b>	<p>The institution implemented new accounting and time-and-effort reporting systems during the 2004-05 fiscal year. Although the institution was revising its procedures to ensure that all required certifications were timely completed and adequately supported, the new procedures were not completely implemented by June 30, 2006.</p> <p>The institution maintains that GSA rates are the approved travel reimbursement rates per institution policy, and therefore, GSA rates are allowable charges.</p>
<b>Effect</b>	<p>Financial data may not be reliable, reports to users may not be accurate, and unallowable costs may be charged to grants and go undetected.</p> <p>Rates paid to employees for travel exceeded those allowed under the terms of Federal grants and, as a result, Federal grant funds may have been used for goods or services that were not allowable and reasonable under the terms of Federal grants.</p>

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<b>Recommendation</b>	The institution should continue its efforts to implement revised procedures to provide timely after-the-fact activity reports. Also, the institution should return the questioned costs totaling \$7,958.26 to the grantor.
<b>UF Response and Corrective Action Plan</b>	<p>We concur with the auditors and will continue our efforts to enhance our efforts to provide timely after-the-fact activity reports.</p> <p>The contract provisions for this award specifically provide that travel be reimbursed using State travel reimbursement rates. In such instances, our written directives provide that the contract provisions be followed. Therefore, the department will be reminded of our policy and asked to reimburse the \$7,958.26.</p>
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Assistant Vice President and Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	Fall 2007 for Effort Reporting



## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-033</b>
<b>CFDA Number</b>	<b>84.181, 93.283, 93.917</b>
<b>Program Title</b>	<b>Special Education - Grants for Infants and Families with Disabilities (IDEA), Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA), HIV Care Formula Grant</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance, Material Weakness, and Reportable Condition (CFDA No. 84.181) Reportable Condition (CFDA Nos. 93.283 and 93.917)
<b>Finding</b>	FDOH did not maintain a listing identifying whether its contracts represent vendor or subrecipient relationships and, except in a few instances, did not conduct on-site administrative monitoring for its subrecipients. Additionally, FDOH procedures were not effective to ensure the timely receipt and review of subrecipient audit reports.
<b>Criteria</b>	OMB Circular A-133, §___.320(a), <i>Guidelines for Single Audit Submission</i> and §___.400(d), <i>Pass-through Entity Responsibilities</i>
<b>Condition</b>	<p>As of June 2006, FDOH had in place 1,078 contracts totaling approximately \$1 billion for goods and services applicable to multiple Federal and State programs. In some instances, subrecipients perform a significant portion of activities under a Federal program. For example, during the 2005-06 fiscal year, IDEA Program expenditures totaled \$24.6 million, of which \$18.2 million was paid to subrecipients. In some programs, such as CDC-ITA and the HIV Care Formula Grant, FDOH used the subrecipients to perform a lesser portion of grant activities. FDOH has established a Contract Administration Monitoring Unit (CAM) to conduct administrative monitoring and reviews of OMB Circular A-133 audit reports. Our review of FDOH activities during the 2005-06 fiscal year disclosed the following:</p> <ul style="list-style-type: none"> <li>• CAM prepares an annual administrative monitoring schedule based on a risk assessment of FDOH subrecipient contracts. As disclosed in audit report No. 2007-062, FDOH did not maintain a listing of contracts that identified whether each contract represented a vendor or subrecipient relationship. Consequently, CAM's ability to complete a risk assessment for administrative monitoring purposes and to identify contractors required to submit OMB Circular A-133 audit reports may be burdensome and could result in errors or omissions. Additionally, CAM completed administrative monitoring visits for only 6 of 50 subrecipients that were scheduled for an on-site visit.</li> <li>• CAM procedures required an annual verification that audit reports were received; however, since reports were due at various points during the year, these procedures were not sufficient to timely identify late reports. Additionally, CAM procedures did not include timeframes for sending reminder letters. Our review of CAM efforts with regard to ten subrecipients for which audits should have been on file disclosed two audit reports were not received at the time of our review. Subsequent to audit inquiry, FDOH obtained one of the reports and, for the other report, obtained a certification indicating that the subrecipient was waiting on a restated report. Additionally, we noted that two of the audit reports that were on file were received more than 30 days past the due date. One of the audit reports was received 127 days late; however, CAM did not send a reminder letter requesting the audit until 105 days after the due date.</li> </ul>

	<ul style="list-style-type: none"> <li>• CAM did not timely issue management decisions for the two audit reports that contained findings pertaining to the IDEA Program.</li> </ul>
<b>Cause</b>	Staff vacancies and turnover limited the number of administrative monitoring visits that could be completed. While CAM had drafted desk review procedures for the review of audit reports, these procedures had not been finalized, and, as discussed above, did not specify timeframes for certain actions.
<b>Effect</b>	Without appropriate administrative monitoring for subrecipients determined to be high risk, FDOH has limited assurance that funds are spent for allowable activities in accordance with contract terms. Absent effective procedures to ensure that audit reports are received and reviewed timely and that management decisions are communicated, FDOH cannot be assured that appropriate and timely corrective actions are taken.
<b>Recommendation</b>	FDOH should maintain a listing that identifies whether contracts represent a vendor or subrecipient relationship. Additionally, FDOH should take appropriate actions to ensure that administrative monitoring for its subrecipients is conducted pursuant to CAM's monitoring schedule. Justification for deviations from the established monitoring schedule should be adequately documented, including a description of alternative procedures performed. We also recommend FDOH enhance and finalize its procedures to include the timely receipt and review of subrecipient audit reports. FDOH should also ensure that management decisions are timely issued.
<b>State Agency Response and Corrective Action Plan</b>	<p>Concur. Administrative monitoring, in some form, was conducted for most, if not all, of the FDOH's contracts. Administrative monitoring efforts included on-site reviews, review of financial reports, approval of cost-reimbursement invoices, single audit reviews, desk audits, etc. While the number of administrative monitoring on-site reviews was limited, programmatic on-site visits were conducted for most of the FDOH's contracts. The recommended changes have been implemented.</p> <ol style="list-style-type: none"> <li>1. Modify the Form H1122 to capture subrecipient vs. vendor determinations in the FLAIR contract information file.</li> <li>2. Modify existing procedures to ensure that audit verifications are sent on a more frequent basis; reminder letters are routinely sent; management decision letters are timely issued; and modifications to the monitoring schedule are documented.</li> </ol>
<b>Agency Contact and Telephone Number</b>	Gary Mahoney, Division of Administration (850) 245-4149
<b>Estimated Corrective Action Date</b>	<ol style="list-style-type: none"> <li>1. February 21, 2007</li> <li>2. Complete.</li> </ol>

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-034</b>
<b>CFDA Number</b>	<b>84.181 and 93.558</b>
<b>Program Title</b>	<b>Special Education Grants for Infants and Families with Disabilities (IDEA) Temporary Assistance for Needy Families (TANF)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Educational Entity</b>	<b>University of South Florida (USF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	COQKE, July 1, 2005 – June 30, 2008
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$1,472,679.66 (CFDA No. 84.181, \$1,199,456.33; CFDA No. 93.558, \$273,223.33)
<b>Finding</b>	The institution had not effectively implemented policies and procedures to monitor all Federal contracts entered into, on the institution's behalf, by an affiliated organization. The affiliated organization expended Federal funds as a subrecipient of the institution; however the organization was not subjected to the institution's internal control processes and general oversight.
<b>Criteria</b>	OMB Circular A-133, § __.400(d), <i>Pass-through Entity Responsibilities</i> ; and USF Policy Number 0-302, Administration of Subcontracts and Subgrants  Pass-through entity responsibilities include monitoring the activities of subrecipients, as necessary, to ensure that performance goals are achieved and Federal program funds are used for authorized purposes in accordance with Federal, State, and other applicable laws and regulations, and the provisions of contracts or grant agreements.  When subagreements are executed, the institution's policies and procedures required the Division of Sponsored Research to: 1) produce a subagreement, with institution subgrantees, that ensured the technical requirements of the prime agreement were met; 2) ensure that subrecipients of the institution provided for an audit as required by OMB Circular A-133, and contacted the institution regarding relevant audit findings; 3) process the funds through the normal purchasing channels to ensure that funds were available in the subagreement, properly encumbered and dedicated to the purpose of the procurement; and 4) maintain records for the required retention period; and 5) monitor subagreement payments through the institution's Controller's Office.
<b>Condition</b>	During the 2005-06 fiscal year, the institution entered into a subrecipient agreement with the Florida Department of Health (FDOH) for an Early Steps program of supports and services (grant No. COQKE). Pursuant to the agreement, grant moneys were disbursed by FDOH directly to the institution's Faculty Practice Plan administered by the University Medical Services Association, Inc. (UMSA), a component unit of the institution, thereby bypassing the institution's general accounting function and internal controls. FDOH paid UMSA \$2,460,731.90; however, UMSA expended only \$2,370,796.12 during the fiscal year. Federal expenditures pertaining to the IDEA (CFDA No. 84.181) and TANF (CFDA No. 93.558) programs totaled \$1,472,679.66. Regarding grant No. COQKE, our review disclosed the following: <ul style="list-style-type: none"> <li>• Although the institution considered UMSA to be a subrecipient with regard to the FDOH agreement, it did not execute a written subaward with UMSA that identified the Federal grant terms and conditions and clearly enumerated the responsibilities of the institution and UMSA.</li> <li>• The institution did not monitor UMSA to ensure that grant moneys were expended and documented in accordance with the institution's subrecipient</li> </ul>

agreement with FDOH and Federal, State, and other applicable laws and regulations.

- The most recent OMB Circular A-133 audit that the institution had obtained for UMSA was for the fiscal year ended June 30, 2004. An OMB Circular A-133 audit of UMSA for the fiscal year ending June 30, 2005, was required to be completed by March 31, 2006; however, it had not been completed as of November 15, 2006.
- The institution's subrecipient agreement with FDOH required that Federal funds received during each contract year, in excess of expenditures, be remitted to FDOH within 45 calendar days of the end of each contract year during which the funds were received unless, prior to the expiration of the contract, the institution had submitted a spending plan to FDOH that had been approved in writing by FDOH. The institution's records indicated that as of June 30, 2006, unexpended funds totaled \$89,935.78 for the contract period July 1, 2005, through June 30, 2006; however, contrary to its subrecipient agreement with FDOH, the institution had not remitted the funds back to FDOH. Subsequent to audit inquiry, on November 9, 2006, the institution submitted to FDOH a revised budget for the 2006-07 fiscal year contract, which included the \$89,935.78 of unexpended funds from the 2005-06 contract. Approval of the carryforward from FDOH had not been received as of November 15, 2006.

<b>Cause</b>	Due to the institution's lack of adequate oversight procedures, an affiliated organization was able to directly receive Federal funds without the institution's Division of Sponsored Research's knowledge and oversight.
<b>Effect</b>	Failure to subject Federal contracts to the institution's oversight and controls increases the risk of questioned costs, for which the institution may be liable. Without adequate review of invoices and supporting documentation through monitoring and audit activities, there is limited assurance that amounts paid from Federal program funds were used for allowable activities and that applicable costs were necessary, reasonable, and documented in compliance with Federal regulations and State grant requirements.
<b>Recommendation</b>	The institution should follow its procedures to ensure that Federal contracts for which the institution has responsibility are subjected to the institution's oversight and controls. Also, the institution should enter into a subaward agreement with UMSA; ensure that procedures for monitoring subrecipients are followed; return unexpended funds to FDOH within 45 days of the contract end date if a new spending plan has not been submitted and approved; and follow its procedures to track OMB Circular A-133 audits due from subrecipients, and take appropriate actions if an audit is not submitted by the due date.
<b>USF Response and Corrective Action Plan</b>	USF will require other affiliated organizations to develop documentation that will reflect all entities have followed established procedures for the administration of research awards. Where appropriate, USF will enter into a subaward agreement with UMSA and ensure that procedures for monitoring subrecipients are followed. USF will seek clarification from FDOH on the approval of carryforward of unexpended funds from the 2005-2006 contract.
<b>USF Contact and Telephone Number</b>	Priscilla Pope, Associate Vice President for Research, (813) 974-5555 Nick Trivunovich, Controller, (813) 974-6061
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-035</b>
<b>CFDA Number</b>	<b>84.287</b>
<b>Program Title</b>	<b>Twenty-First Century Community Learning Centers (21<sup>st</sup> CCLC)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Education</b>
<b>Federal Grant/Contract Number and Grant Year</b>	S287C040009 and S287C050009
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$46,767
<b>Finding</b>	During FDOE's review and approval of applicant budgetary requests and subsequent subgrantee annual budget and disbursement reports, FDOE did not consistently identify and disapprove unallowable costs.
<b>Criteria</b>	2 CFR 225, Appendix A, Section A.3.,b, <i>All subawards are subject to those Federal cost principles applicable to the particular organization concerned</i> ; 2 CFR 220, Appendix A, Section G, <i>Determination and Application of Facilities and Administration Cost Rate or Rates</i> ; 2 CFR 225, Appendix E, Section C, <i>Allocation of Indirect Costs and Determination of Indirect Cost Rates</i> ; FDOE 21 <sup>st</sup> CCLC Request for Proposal (RFP) Guide; FDOE RFP for Competitive Projects – DOE Form 905; FDOE Project Application and Amendment Procedures for Federal and State Programs; Approved Indirect Cost Rates
<b>Condition</b>	<p>USED 21<sup>st</sup> CCLC Non-Regulatory Guidance provides that indirect costs are the expenses incurred by a school district, community-based organization, or other entity in administering or providing program services. The State, as the grantee, is responsible for ensuring that subgrantees properly expend and account for Federal funds, including direct and indirect costs. In addition, FDOE guidelines relating to the restrictions on funds for administration, provide that restrictions to the amount or percentage that can be charged to a project's administration, which may include indirect costs, will be reflected in the approved project award notification or amendment approval where applicable.</p> <p>Our review of 15 subawards disclosed 1 instance in which FDOE approved a budget of \$1,044,000 that included indirect costs totaling \$145,712, although an indirect cost agreement to support these expenditures was not on file with FDOE. Furthermore, the approved project award notification specified that no more than ten percent was allowable for administrative costs, including indirect costs. However, the indirect costs alone exceeded the \$104,400 amount allowable for administrative costs by \$41,312. The budget period for this award was July 1, 2005, through June 30, 2006.</p> <p>Our audit also disclosed one instance in which FDOE approved final disbursements reported by the subgrantee that included \$46,767.00 in unallowable indirect costs (Federal Grant No. S287C050009). The budget period was from July 1, 2004, through June 30, 2005. In this instance, disbursements for direct costs totaled \$946,216.97 of which \$926,087.55 was for subcontracts. FDOE personnel did not adjust the direct cost base for these costs in calculating the allowable indirect costs.</p>
<b>Cause</b>	FDOE reviews did not detect certain costs, such as subcontracts, for exclusion from the subgrantee's direct cost base. This resulted in indirect cost rates being applied to an incorrect direct cost base which led to questioned indirect costs.
<b>Effect</b>	Failure to adhere to Federal guidelines by identifying and disallowing unallowable costs through the budget process, combined with the failure to notify applicants of such, can lead to the disbursement of allowable costs that may result in repayment to USED.

<b>Recommendation</b>	FDOE should review its procedures for determining indirect costs and take those actions necessary to ensure consistent application of allowable cost principles during the review and approval of budgetary and financial reports. Further, FDOE should determine the extent of unallowable indirect costs paid in the instance in which the approved budget included unallowable costs in the direct cost base and the ten percent limitation for administrative costs was exceeded.
<b>State Agency Response and Corrective Action Plan</b>	<p>The first instance cited is one for which the subrecipient is a school district that further subgranted funds to a community-based organization (CBO). The project budget included a detailed breakdown of the budget for the CBO which also indicated that the CBO would recover indirect costs. The CBO did not have an approved indirect cost rate. The budget should not have been approved containing this reference to indirect cost for the CBO; however, this finding references a budget approval and not the actual disbursement of funds. The FDOE will institute additional training for members of the Grants Management staff who review and approve subrecipient budgets to ensure that budgets do not include proposed disbursement of indirect costs to entities that do not have approved indirect cost plans.</p> <p>With respect to the second instance for which the subrecipient is a local education agency, FDOE is currently working with USED on the local education agency indirect cost plan and will seek guidance to address the section of the recommendation that relates to that specific instance.</p>
<b>Agency Contact and Telephone Number</b>	<p>Norman Holley, Assistant Deputy Commissioner, Finance and Operations (850) 245-9218</p> <p>Martha K. Asbury, Chief, Bureau of Contracts, Grants, and Procurement (850) 245-0735</p>
<b>Estimated Corrective Action Date</b>	As applicable to the additional training of staff and seeking guidance from USED, the corrective actions will be completed by June 30, 2007.

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-036</b>
<b>CFDA Number</b>	<b>84.357</b>
<b>Program Title</b>	<b>Reading First State Grants</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	S357A050010
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDOE approved subaward budgets that contained incorrect indirect cost rates.
<b>Criteria</b>	2 CFR 225, Appendix A, Section A.3.,b, <i>All subawards are subject to those Federal cost principles applicable to the particular organization concerned</i> ; 20 USC Section 6362(d), <i>Local planning and administration</i> ; 2 CFR 225, Appendix E, Section C, <i>Allocation of Indirect Costs and Determination of Indirect Cost Rates</i> ; FDOE Project Application and Amendment Procedures for Federal and State Programs; Approved Indirect Cost Rates
<b>Condition</b>	<p>FDOE procedures provide that FDOE has been given the authority by USED to negotiate indirect cost proposals and to approve indirect cost rates for school districts; however, Federal or state law or grant conditions may limit the amount of indirect cost or the indirect cost rate. For the Reading First Program, LEAs may not use more than 3.5 percent of Program funds provided for planning and administration.</p> <p>Our review of 15 subawards disclosed 2 instances where FDOE used an incorrect indirect cost rate to calculate and approve project awards during the budget and planning process, resulting in the approval of indirect costs totaling \$12,288.31 that exceeded the 3.5 percent rate. Indirect costs appeared to be the only planning or administrative expenditures included in the budgets. The projects had budget periods of July 18, 2005, through June 30, 2006, and July 19, 2005, through June 30, 2006, respectively.</p>
<b>Cause</b>	During the planning and budgeting process, FDOE personnel calculated the indirect costs using the entities' approved indirect cost rates rather than the allowable Federal rate of 3.5 percent.
<b>Effect</b>	While the final expenditure reports for these school districts indicated that the indirect cost rate did not exceed the allowable Federal rate of 3.5 percent, failure to adhere to Federal guidelines and FDOE procedures by not applying the allowable indirect cost rate, for planning and budgeting purposes, combined with the failure to notify applicants of such, can lead to the disbursement of unallowable costs that may result in repayment to USED.
<b>Recommendation</b>	FDOE staff should follow established procedures to ensure that the correct indirect cost rate is approved for use in subgrant budgets.
<b>State Agency Response and Corrective Action Plan</b>	FDOE will provide additional training and oversight to staff in the Office of Grants Management to ensure that existing procedures for approving subrecipient budgets are correctly followed.
<b>Agency Contact and Telephone Number</b>	Martha K. Asbury, Chief, Bureau of Contracts, Grants, and Procurement (850) 245-0735
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-037</b>
<b>CFDA Number</b>	<b>84.367</b>
<b>Program Title</b>	<b>Improving Teacher Quality State Grants</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Education (FDOE)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	S367B040010 and S367A050009
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$4,241.33
<b>Finding</b>	FDOE personnel did not consistently identify and exclude unallowable costs during FDOE's review and approval of applicant budget and payment requests.
<b>Criteria</b>	2 CFR 225, Appendix A, Section A.3.,b, <i>All subawards are subject to those Federal cost principles applicable to the particular organization concerned</i> ; 2 CFR 225, Appendix E, Section C, <i>Allocation of Indirect Costs and Determination of Indirect Cost Rates</i> ; 34 CFR 76.561, <i>Approval of Indirect Cost Rates</i> ; FDOE Project Application and Amendment Procedures for Federal and State Programs; Approved Indirect Cost Rates
<b>Condition</b>	<p>FDOE project application instructions provide that indirect costs are recoverable only to the extent of direct costs incurred. The indirect cost rate is applied to the direct costs expended, rather than the project award.</p> <p>Our review of 15 subawards disclosed 1 instance where FDOE did not accurately calculate and approve the indirect costs during the budget and planning process. The project had a budget period of December 5, 2005, through December 31, 2006. In this instance, FDOE did not exclude unallowable costs, such as major subcontracts totaling \$68,910 out of a total budget of \$500,000 to determine the direct cost base.</p> <p>In a separate instance where the project's budget extended from December 1, 2004, through November 30, 2005, the subgrantee's final expenditure report disclosed disbursements totaling \$275,000 of which \$176,282.86 was subcontracted. FDOE personnel did not adjust the direct cost base for these subcontracts in determining allowable indirect costs. Based on our calculations, FDOE paid \$4,241.33 in unallowable indirect costs (Federal Grant No. S367B040010).</p>
<b>Cause</b>	FDOE personnel did not consistently apply allowable cost principles when reviewing and approving the budget documents and financial reports submitted by subgrantees.
<b>Effect</b>	Failure to adhere to Federal guidelines by identifying and disallowing unallowable costs through the budget process, combined with the failure to notify applicants of such can lead to the disbursement of unallowable costs that may result in repayment to USED.
<b>Recommendation</b>	FDOE should enhance its procedures for calculating indirect costs to ensure that only allowable costs are included when approving subaward budgets and when making payments. Further, FDOE should determine the extent of unallowable indirect costs paid, if any, for the subaward budget that did not exclude unallowable costs when determining the direct cost base.
<b>State Agency Response and Corrective Action Plan</b>	DOE is currently working with USED on the local education agency indirect cost plan and will seek guidance to address this recommendation.



**Agency Contact and  
Telephone Number**

Norman Holley, Assistant Deputy Commissioner, Finance and Operations  
(850) 245-9218

**Estimated Corrective  
Action Date**

June 30, 2007

## U.S. ELECTIONS ASSISTANCE COMMISSION

<b>Finding Number</b>	<b>FA 06-038</b>
<b>CFDA Number</b>	<b>90.401</b>
<b>Program Title</b>	<b>Help America Vote Act (HAVA) Requirements Payments</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of State (FDOS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003 and 2004
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$29,931.32
<b>Finding</b>	FDOS did not comply with Federal requirements for the compensation for personal services in that FDOS directly charged the HAVA Program for an unused leave payment and did not timely obtain certifications from employees whose salaries were charged 100 percent to the HAVA Program.
<b>Criteria</b>	2 CFR 225, Appendix B.8., Compensation for personal services
<b>Condition</b>	<p>In an operational audit of Florida's administration of HAVA and implementation of the Florida Voter Registration System, we reported deficiencies related to the HAVA Requirements Payments Program (HAVA Program) during the period July 1, 2004, through February 28, 2006. Details of these findings, recommendations, and FDOS responses are included in audit report No. 2006-194. The findings that pertain to the Allowable Costs/Cost Principles compliance requirement for the 2005-06 fiscal year are summarized below:</p> <ul style="list-style-type: none"> <li>• Contrary to Federal requirements, FDOS directly charged the HAVA Program for an unused leave payment of \$22,274.69 for an employee who resigned in October 2005, instead of allocating the costs to all activities of the governmental unit as a general administrative expense. (Audit report No. 2006-194, finding No. 6.)</li> <li>• For the semiannual period ended December 31, 2005, FDOS did not request certifications from employees whose salaries were charged 100 percent to the HAVA Program until April 2006. FDOS obtained certifications for 23 of the 24 employees; however, as one employee resigned in October 2005, FDOS was unable to obtain the required salary certification.</li> </ul> <p>Additionally, during audit interviews with eight HAVA Program staff members whose salary costs were charged exclusively to the HAVA Program, one employee stated that approximately 75 percent of his time was devoted to the HAVA Program. However, a time sheet or other time and effort record demonstrating this percentage of time was not maintained. Salary costs for this employee totaled \$30,493.54 for the period July 1, 2005, through February 28, 2006, and questioned costs for that period totaled \$7,623.38. (Audit report No. 2006-194, finding No. 5.)</p> <p>To satisfy the audit requirements of OMB Circular A-133 and to ensure that transactions for the entire 2005-06 fiscal year were subject to audit, we performed additional audit tests for the period March 1, 2006, through June 30, 2006. Our audit tests disclosed that employee certifications for the six-month period ended June 30, 2006, were timely obtained and that FDOS had reimbursed \$11,641.46 to the HAVA Program for the individual who indicated that he devoted 75 percent of his time to the HAVA Program. This reimbursement covered the period July 1, 2005, through May 31, 2006. (On June 1, 2006, the individual began devoting 100 percent of his time to the HAVA Program.) However, our examination of the reimbursement disclosed that one supplemental payroll payment dated May 3, 2006, in the amount of \$132.98 was not included in the reimbursement calculation and, therefore, FDOS underreimbursed the HAVA Program by \$33.25.</p>

<b>Cause</b>	<p>FDOS staff indicated that Federal cost principles supported this unused leave payment.</p> <p>FDOS was not aware of the requirement that individuals filling positions funded by the HAVA Program must complete certifications indicating that they worked solely on the HAVA Program. As such, FDOS had not developed a procedure to obtain certifications.</p>
<b>Effect</b>	<p>As Federal cost principles require that unused leave payments be allocated as a general administrative expense to all activities of the governmental unit or component, FDOS overcharged the HAVA Program.</p> <p>Without adequate procedures and supporting documentation, such as certifications that employees worked solely on the HAVA Program that funded their salaries, FDOS cannot demonstrate that HAVA Program funds were expended only for authorized purposes.</p>
<b>Recommendation</b>	<p>We recommend that FDOS, in compliance with Federal cost principles, allocate as a general administrative expense any unused leave payments and that any costs improperly charged to the HAVA Program be reimbursed. We also recommend that FDOS continue to timely obtain certifications for staff working solely on the HAVA Program.</p>
<b>State Agency Response and Corrective Action Plan</b>	<p>The Department submitted a request for guidance to the U. S. Election Assistance Commission (EAC) regarding leave payments to terminating employees. Pending a response from the EAC, all expenditures made from the Grants and Donations Trust Fund (HAVA dollars) for unused leave payments made to employees who terminated from state government have been transferred to the General Revenue Fund. The Department will continue to utilize General Revenue dollars to make any future payments for unused leave pending guidance from the EAC.</p> <p>The Department has implemented a procedure for obtaining work certifications every six months from employees who are working in HAVA-funded positions.</p> <p>Since the under-payment of \$33.25 was made during a prior fiscal year, the Department will work with Finance and Accounting staff to determine if corrective action is possible under State accounting procedures.</p>
<b>Agency Contact and Telephone Number</b>	<p>Amy K. Tuck, Director Division of Elections (850) 245-6200</p>
<b>Estimated Corrective Action Date</b>	<p>Leave payments made out of the Grants and Donations Trust Fund were transferred to General Revenue in June 2006.</p> <p>The Department implemented work certifications in April 2006 that covered the period from July through December 2005.</p> <p>Staff is reviewing process regarding additional transfer of \$33.25. Determination should be made by June 2007.</p>

## U.S. ELECTIONS ASSISTANCE COMMISSION

<b>Finding Number</b>	<b>FA 06-039</b>
<b>CFDA Number</b>	<b>90.401</b>
<b>Program Title</b>	<b>Help America Vote Act (HAVA) Requirements Payments</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, Earmarking
<b>State Agency</b>	<b>Florida Department of State (FDOS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003 and 2004
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$345,776
<b>Finding</b>	FDOS undercontributed State matching funds by \$345,776.
<b>Criteria</b>	42 USC Chapter 146, Section 15403, Condition for receipt of funds
<b>Condition</b>	As a condition for receiving requirements payments, States are required to have appropriated funds for carrying out the activities for which the requirements payments are made in an amount equal to 5 percent of the total amount to be spent for such activities (taking into account the requirements payments and the amount spent by the State). The State of Florida HAVA Plan (Update June 2004) stated that State matching funds totaling \$6,628,018 would be provided if FDOS received Federal HAVA requirements payments totaling \$132,502,091. Our examination noted that FDOS did receive Federal requirements payments totaling \$132,502,091 and placed State matching funds totaling \$6,628,018 in the HAVA Trust Fund. However, our examination disclosed that the required State match was understated by \$345,776 and should have totaled \$6,973,794.
<b>Cause</b>	In calculating the State match amount, FDOS only applied the 5 percent to the Federal HAVA requirements payments of \$132,502,091 rather than to the total amount to be spent including the amount to be spent by the State.
<b>Effect</b>	By failing to include the amount to be spent by the State in the calculation, FDOS understated the required State match by \$345,776. Also, as the amount deposited in the HAVA Trust Fund was less than the amount required, some interest earnings may not have been realized.
<b>Recommendation</b>	We recommend that FDOS comply with the Federal matching requirements and deposit additional State funds in the HAVA Trust Fund. We also recommend that FDOS request clarification from the Election Assistance Commission as to whether any interest earnings should be remitted to the HAVA Trust Fund due to insufficient State matching funds.
<b>State Agency Response and Corrective Action Plan</b>	The Department will request an additional appropriation from the Legislature in order to comply with the requirements for matching funds. In addition, the Department will request clarification from the EAC regarding whether or not the appropriation should include estimated interest earnings that would have accrued for the additional matching funds.
<b>Agency Contact and Telephone Number</b>	Amy K. Tuck, Director Division of Elections (850) 245-6200
<b>Estimated Corrective Action Date</b>	It is anticipated that Legislative action will be effective July 1, 2007.

## U.S. ELECTIONS ASSISTANCE COMMISSION

<b>Finding Number</b>	<b>FA 06-040</b>
<b>CFDA Number</b>	<b>90.401</b>
<b>Program Title</b>	<b>Help America Vote Act (HAVA) Requirements Payments</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, Earmarking
<b>State Agency</b>	<b>Florida Department of State (FDOS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003 and 2004
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$7,630
<b>Finding</b>	FDOS understated the State's maintenance of effort amount in the State of Florida HAVA Plan and, as a result, failed to meet the required level of maintenance of effort for the 2004-05 fiscal year.
<b>Criteria</b>	42 USC Chapter 146, Section 15404, State Plan
<b>Condition</b>	In an operational audit of Florida's administration of HAVA and implementation of the Florida Voter Registration System, we reported deficiencies related to the HAVA Requirements Payments Program (HAVA Program) during the period July 1, 2004, through February 28, 2006. Details of these findings, recommendations, and FDOS responses are included in audit report No. 2006-194.  In finding No. 4 of the above-noted audit report, we disclosed that the 1999-2000 fiscal year expenditure amount reported by FDOS in the State of Florida HAVA Plan was understated by \$488,184. As FDOS utilized the understated amount in the 2005-06 fiscal year to determine the level of maintenance of effort required, FDOS failed to meet the required amount by \$7,630 for the 2004-05 fiscal year.
<b>Cause</b>	FDOS failed to use the final expenditure data reported in the State's accounting system in the calculation of maintenance of effort and, in some instances, used budgeted rather than actual salary expenditures.
<b>Effect</b>	Failure to meet the required maintenance of effort may result in a reduction of Federal HAVA funding.
<b>Recommendation</b>	We recommend that FDOS update the State of Florida HAVA Plan to reflect the proper maintenance of effort amount and ensure that the required maintenance of effort level is met each fiscal year in accordance with HAVA Program requirements.
<b>State Agency Response and Corrective Action Plan</b>	The HAVA State Planning Committee held meetings on September 21, 2006 and October 12, 2006 in order to revise the HAVA State Plan. The updated Plan includes the revised maintenance of effort level that the state must maintain as required by HAVA. The Plan must be posted for public comment for 30 days prior to being submitted to the EAC. The State's public comment period ends on January 22, 2007. After the Plan is submitted to the EAC, it must be published in the Federal Register for 30 days.  The Department will continue to use the revised Maintenance of Effort level to determine its compliance with HAVA requirements.
<b>Agency Contact and Telephone Number</b>	Amy K. Tuck, Director Division of Elections (850) 245-6200
<b>Estimated Corrective Action Date</b>	The updated HAVA State Plan will be submitted to the Election Assistance Commission in February 2007 after which it must be published in the Federal Register for 30 days.

## U.S. ELECTIONS ASSISTANCE COMMISSION

<b>Finding Number</b>	<b>FA 06-041</b>
<b>CFDA Number</b>	<b>90.401</b>
<b>Program Title</b>	<b>Help America Vote Act (HAVA) Requirements Payments</b>
<b>Compliance Requirement</b>	Procurement and Suspension and Debarment
<b>State Agency</b>	<b>Florida Department of State (FDOS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003 and 2004
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FDOS did not verify that an entity was not suspended or debarred prior to entering into a covered transaction with that entity.
<b>Criteria</b>	2 CFR 180.220 and 180.300, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)
<b>Condition</b>	<p>We tested 26 HAVA Program disbursements and noted that, for the five covered transactions, FDOS did not verify by obtaining a certification from the entity, reviewing the General Services Administration <i>List of Parties Excluded From Federal Procurement or Nonprocurement Programs</i>, or adding a clause to the covered transaction agreement with the entity that the entity was not debarred or suspended from receiving Federal funds. Specifically, three disbursements totaling \$210,237 were covered procurement transactions exceeding \$25,000 and 2 disbursements totaling \$51,417.35 were covered nonprocurement transactions.</p> <p>On the date of our review, none of the entities related to the five covered transactions were listed on the General Services Administration <i>List of Parties Excluded From Federal Procurement or Nonprocurement Programs</i>.</p>
<b>Cause</b>	FDOS, Division of Elections, did not have a policy to verify that an entity was not suspended or debarred prior to entering into a covered transaction.
<b>Effect</b>	Absent verification procedures, FDOS could use Federal grant moneys to purchase goods or services from or subgrant moneys to entities that have been suspended or debarred from receiving Federal funds.
<b>Recommendation</b>	Subsequent to audit inquiry, FDOS personnel stated that, effective October 1, 2006, the policy of FDOS is not to enter into a contract or memorandum of agreement involving Federal funds until entity staff certify that they have not been excluded or disqualified by any Federal department or agency from receiving Federal funds. We recommend that FDOS ensure that the new suspension and debarment policy is properly implemented and followed.
<b>State Agency Response and Corrective Action Plan</b>	The Department has developed a procedure regarding suspension and debarment that requires inclusion of specific language in all contracts and memoranda of agreements. The procedure requires each recipient and any sub-recipients to sign Federal form ED Form GCS-009, 6/88, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions." The Department must be in receipt of the signed form prior to executing the contract or memorandum of agreement.
<b>Agency Contact and Telephone Number</b>	Amy K. Tuck, Director Division of Elections (850) 245-6200
<b>Estimated Corrective Action Date</b>	Suspension and Debarment procedures were implemented in October 2006.

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## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-042</b>
<b>Program Title</b>	<b>Statewide Central Service Cost Allocation Plan (SWCAP)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Financial Services (FDFS)</b>
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDFS procedures to ensure the accuracy and completeness of the SWCAP could be improved. Additionally, neither the 2007 SWCAP, nor Section II supporting documentation, fully disclosed financial information and policies pertaining to State employees' fringe benefit programs.
<b>Criteria</b>	2 CFR 225, Appendix C, Section C. <i>Scope of the Central Service Cost Allocation Plan</i> and Section E. <i>Documentation Requirements for Submitted Plans</i>
<b>Condition</b>	<p>The SWCAP is presented in two sections. Section I provides information on central services costs allocated to State agencies. Section II provides information on central services that are billed to user agencies. Documentation requirements for Section II are based on whether the reported activity is accounted for as an internal service, self-insurance, or fringe benefit activity. Our examination of the 2007 SWCAP and related FDFS policies and procedures disclosed:</p> <ul style="list-style-type: none"> <li>• FDFS utilizes a contractor to prepare, negotiate, and distribute the SWCAP. We noted, however, that FDFS did not have written procedures or documentation of procedures performed to review the SWCAP prior to its submission by the contractor to the U.S. Department of Health and Human Services, Division of Cost Allocation (USDHHS). Additionally, procedures were not in place to ensure that all central service activities were included in the SWCAP.</li> <li>• The Reconciliation of Fund to Federal Guidelines forms and supporting documentation included in Section II of the 2007 SWCAP contained a significant number of errors, two of which resulted in overstatements of the reported excessive balance (the amount of potential refunds due to the Federal government) totaling \$9.3 million.</li> <li>• We also reviewed the 2007 SWCAP with regard to State employees' fringe benefit disclosures. Section II (Billed Services) included a self-insurance component for the Department of Management Services, Division of State Group Insurance (Division). The Division administers the State group insurance program (including the State sponsored health self-insurance plan, health maintenance organizations, group term life insurance, and disability insurance) and the flexible benefits plan. With regard to the 2007 SWCAP component relating to the Division, we noted the following: <ul style="list-style-type: none"> <li>▪ The SWCAP did not include or disclose information required for self-insurance funds. Information and documentation requirements include the fund balance sheet; a statement of revenues and expenses including a summary of billings and claims paid by agency; a listing of all non-operating transfers into and out of the fund; the types of risks covered by the fund; an explanation of how the level of fund contributions were determined, including a copy of the current actuarial report if the contributions are determined on an actuarial basis; and, a description of the procedures used to allocate fund contributions to benefited activities. The 2007 SWCAP did contain a Report on the Financial Outlook of the State Employees' Group Health Self-Insurance Trust Fund used to administer the State sponsored health self-insurance plan and health maintenance organizations; however, the report, dated March 3, 2005,</li> </ul> </li> </ul>



included financial projections for the fiscal years ending June 30, 2005, 2006, and 2007.

- The SWCAP did not contain information on funds used to administer State employees' life insurance or State employees' disability insurance. Information required for fringe benefits (not otherwise reported as a self-insurance activity) includes the total annual costs for each type of fringe benefit and the procedures used to charge or allocate the costs of the benefits to benefited activities.
- The Pretax Benefits Program allows State employees to receive benefits that are not includable in gross income under the Internal Revenue Code and includes employee premiums for State group insurance and supplemental insurance as well as reimbursement plans for medical and dependent care expenses. The SWCAP did not contain information on the State Employees' Pretax Benefits Program, although a portion (estimate of \$14 million) of the contributions to the Program and reimbursement account forfeitures was included in the Report on the Financial Outlook of the State Employees' Group Health Self-Insurance Trust Fund. Pursuant to Section 110.161(8), Florida Statutes, any Federal Insurance Contribution Act tax savings and any reimbursement account forfeitures in excess of the obligations and encumbrances to administer the pretax benefits program shall be calculated at June 30 and transferred to the State Employees' Group Health Self-Insurance Trust Fund prior to July 1 of each year.

For the fiscal year ended June 30, 2005, the funds listed above reported revenues, expenditures, and net assets as follows:

<i>Fund</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Net Assets</i>
State Employees' Group Health Insurance Trust Fund and State Employees' Group Health Insurance Trust Fund – Tri Care	\$1,184,788,274	\$1,134,464,509	\$(43,648,324) <sup>a</sup>
State Employees' Life Insurance Program	26,467,920	44,183,350	24,109,024
State Employees' Disability Insurance Program	2,155,201	572,365	7,783,189
Pretax Benefits Trust Fund	92,448,248	92,375,147 <sup>b</sup>	95,283

<sup>a</sup> The State's Comprehensive Annual Financial Report (CAFR) disclosed net assets at June 30, 2005, of \$(44.5) million for the State Employees' Group Health Insurance Trust Fund. (See Notes to the Financial Statements, Note 18 – Deficit Fund Equity.)

<sup>b</sup> Expenditures include a \$17,690,000 transfer to the State Employees' Group Health Insurance Program.

**Cause**

FDFS staff indicated that they had limited their review of the SWCAP documentation because they relied on the experience and expertise of the contractor. With regard to fringe benefits, the SWCAP has historically been focused on the self-insurance aspect of funding employee health insurance rather than on a complete description of all fringe benefits.

**Effect**

One purpose of the SWCAP is to provide assurance that central service and fringe benefits costs that may subsequently be charged to Federal programs are reasonable. Without adequate procedures to reasonably ensure that the SWCAP

is complete and accurate, determinations as to the reasonableness of charges to Federal programs may be based on erroneous information. Absent complete financial information and funding policies for the funds used to administer the fringe benefits programs for State employees, USDHHS may lack all the information needed for its review of the SWCAP. Additionally, Federal agencies may disallow central service costs omitted from the SWCAP.

**Recommendation**

We recommend that FDFS, in consultation with its contractor, establish written procedures for ensuring that all central service activities are fully and accurately disclosed in the SWCAP. We also recommend that FDFS consult with USDHHS with regard to adequacy of the disclosures for the fringe benefit programs for the 2007 SWCAP. For subsequent years, we recommend that FDFS include in the SWCAP a complete description of the State employee fringe benefit programs, including the interrelationship with the Pretax Benefits Program, and all required documentation.

**State Agency Response and Corrective Action Plan**

Concur. Procedures and disclosures will be enhanced and fully documented. Furthermore, FDFS will work with its contractor and USDHHS to verify the adequacy of the disclosures for the fringe benefit programs.

**Agency Contact and Telephone Number**

Al Altun  
(850) 413-5565

**Estimated Corrective Action Date**

March 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-043</b>
<b>CFDA Number</b>	<b>Various</b>
<b>Program Title</b>	<b>Various</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$1,213,074.36 (CFDA No. 84.173, \$149,338; CFDA No. 84.181, \$448,596; CFDA No. 93.251, \$52,998; CFDA No. 93.283, \$411,843.03; CFDA No. 93.667, \$89,796.72; CFDA No. 93.889, \$60,502.61)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-058
<b>Finding</b>	FDOH continued to utilize contracts to acquire staff to administer FDOH grant activities although it had not identified express statutory authority to do so. Additionally, FDOH did not competitively procure contractual services nor did it document the reasonableness of contract terms and price. Also, FDOH did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
<b>Criteria</b>	2 CFR 225, Appendix A, Section C. Basic guidelines. Factors affecting allowability of costs; 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
<b>Condition</b>	<p>As disclosed in audit report No. 2006-152, finding No. FA 05-058, FDOH had competitively procured four contracts, totaling \$52 million, to provide staff to administer FDOH grant activities under FDOH direction rather than using authorized positions or outsourcing the services. FDOH indicated in the SSPAF that the prior audit finding was fully corrected by its utilization of the competitive procurement process to procure staffing services. However, as described below, FDOH had not complied with Federal regulations, in that it had not resolved questions as to its authority to staff outside of authorized full-time equivalent positions or demonstrated the reasonableness of contract terms and prices for noncompetitively procured staffing contracts identified by our audit.</p> <p>Our audit disclosed that at least ten staffing contracts were in effect during the 2005-06 fiscal year. Four of the contracts were those referenced in audit report No. 2006-152, finding No. FA 05-058. Our current review of FDOH's contract listing disclosed six additional staffing contracts totaling \$8.1 million that were in effect during the 2005-06 fiscal year. The six staffing contracts were noncompetitively procured contracts with State universities and a community college. Contrary to Federal regulations, FDOH did not provide documentation supporting the reasonableness of the contract terms and price for these six contracts, nor did FDOH identify express statutory authority for acquiring staff to perform ongoing FDOH activities through contracts with vendors and State universities and community colleges. The six staffing contracts had 2005-06 fiscal year expenditures of \$1,213,074.36 that pertained to the following Federal programs:</p>

CFDA Number	Program Title	Federal Grant Number	Amount
84.173	Special Education – Preschool Grants	378-2676A-6CP01	\$149,338.00
84.181	Special Education – Grants for Infants and Families with Disabilities	H181A050099	\$448,596.00
93.251	Universal Newborn Hearing Screening	H61MC00086-04-01	\$9,547.00
		H61MC00086-05-00	\$43,451.00
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	U50/CCU423288-02-1	\$15,405.61
		U50/CCU423288-03-2	\$43,338.85
		UR3/CCU424781-01	\$50,022.00
		U90/CCU417006-05-2	\$98,946.72
		U90/CCU417006-06-7	\$106,606.66
		U50/CCU423360-02-1	\$3,698.58
		U50/CCU423360-03	\$93,824.61
93.667	Social Services Block Grants to the States	N/A	\$89,796.72
93.889	National Bioterrorism Hospital Preparedness Program	U3RHS00009-02-07	\$24,175.63
		U3RHS03937-01-03	\$36,326.98

**Cause**

FDOH indicated that additional inquiries were not made regarding legal authorization to contract for services. FDOH reaffirmed its position that its original course of action to competitively procure contract services as provided in statute is the most prudent and economical option to meet its legislative mandate. FDOH noncompetitively procured the additional staffing contracts using the statutory exemption for governmental agencies.

**Effect**

Failure to follow State laws and Federal regulations may result in the disallowance of costs by the Federal grantor agency.

**Recommendation**

We again recommend that, absent express statutory authority, FDOH discontinue the use of staffing contracts. Further, we recommend that FDOH fully document all procurement decisions, including the basis for the contract terms and price.

**State Agency Response and Corrective Action Plan**

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. Concur that contractual services were procured non-competitively although consistent with Florida Statutes using the IGA (governmental agencies and public universities) exemption and did not sufficiently document the reasonableness of contract terms and price.

Conduct a series of contract documentation workshops for contract managers to re-emphasize the importance of documenting the reasonableness of contract terms and conditions.

**Agency Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

February 12, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-044</b>
<b>CFDA Number</b>	<b>Various (See Condition)</b>
<b>Program Title</b>	<b>Various (See Condition)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$376,842.42 (CFDA No. 93.283, \$292,164.76; CFDA No. 93.917, \$40,229.24; CFDA No. 93.944, \$44,448.42)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding Nos. FA 05-054 and FA 05-057
<b>Finding</b>	FDOH had not fully implemented procedures to allocate employee salaries charged to multiple programs or cost objectives in accordance with Federal regulations.
<b>Criteria</b>	2 CFR 225, Appendix B.8.h.(4), <i>Support of Salaries and Wages</i>
<b>Condition</b>	<p>We tested 35 salary payments, in total, charged to CFDA Nos. 93.268, Immunization Grants; 93.283, Centers for Disease Control – Investigations and Technical Assistance (CDC-ITA); and 93.917, HIV Care Formula Grants. For 2 of the 3 Programs, we noted instances where time and effort records were not available or did not support the amounts charged to the Programs:</p> <ul style="list-style-type: none"> <li>• Of the salary payments tested, two related to Headquarters' employees whose salaries were allocated to multiple Federal programs. However, FDOH did not maintain time and effort records that supported the allocation of the employees' salaries and benefits to the Federal programs. Salaries and benefits for these employees charged to the HIV Care Formula Grants and CFDA No. 93.944, HIV/AIDS Surveillance Program totaled \$40,229.24 and \$44,448.42, respectively.</li> <li>• One salary payment charged to the CDC-ITA Program was for an employee who worked in the Office of Performance Improvement. In reviewing this payment, we noted that this employee and five additional employees worked in the Preparedness Education and Training Section within the Office of Performance Improvement whose salaries and benefits totaling \$289,043.19 were charged to the CDC-ITA Program. While certifications indicating the employees worked solely on the CDC-ITA Program were obtained, the employees were responsible for ensuring the delivery of education and training to key public health professionals. Since these functions benefit numerous programs and cost objectives, FDOH should have allocated the costs based on time and effort records or charged the costs as indirect costs.</li> <li>• Two salary payments were for county health department employees whose time and effort records did not support the amount of the employees' salaries and benefits charged to the Federal programs or cost objectives. The employees' entire salaries and benefits were charged to the CDC-ITA Program; however, supporting time and effort records disclosed that the employees worked on the Program 95.6 and 99.1 percent of the time. Salaries and benefits charged to the Program in excess of the amount supported by time and effort records totaled \$3,121.57.</li> </ul>

The instances noted above pertain to the following Federal grant numbers:

CFDA Number	Program Title	Federal Grant Number	Amount
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	U90/CCU417006-05	\$50,294.34
		U90/CCU417006-06	\$241,240.42
93.917	HIV Care Formula Grants	6 X07HA00057-15	\$27,837.43
		6 X07HA00057-16	\$12,391.81
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	U62/CCU423598-02	\$23,159.07
		U62/CCU423598-03	\$21,289.35

**Cause** FDOH procedures were not sufficient to ensure that salaries and benefits were allocated appropriately based on the actual time worked as documented by appropriate time records. While FDOH had drafted procedures for documenting time and effort worked on multiple Federal program, these procedures had not been finalized.

**Effect** Federal grants were charged in excess of the actual benefits received.

**Recommendation** We recommend that FDOH finalize its procedures to ensure that salaries and benefits allocated to multiple Federal programs or cost objectives are supported by time and effort records that comply with Federal regulations. Additionally, FDOH should charge salaries benefiting multiple activities as indirect costs or, if reasonable to do so without efforts disproportionate to the benefits received, allocate salaries based on time worked on each program or cost objective.

**State Agency Response and Corrective Action Plan** Concur. FDOH reviewed OMB Circular A-87 and written draft procedures regarding this issue as specified in OMB Circular A-87, Attachment B, Paragraph 8, Section h. These procedures were distributed to the program areas and county health departments for review. Based on the comments received from this review, a team was created to determine the best methodology for 100% time keeping documentation for staff working on multiple activities or cost objectives. FDOH already does periodic certifications and random moment sampling, an approved statistical sampling methodology.

1. Finalize procedures based on the workgroup’s recommendation.
2. Notify program offices and county health departments of this requirement.

**Agency Contact and Telephone Number** Gary Mahoney, Division of Administration  
(850) 245-4149

**Estimated Corrective Action Date** July 1, 2006

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding Number** FA 06-045  
**CFDA Number** Various (See Condition)  
**Program Title** Various (See Condition)  
**Compliance Requirement** Allowable Cost/Cost Principles  
**State Agency** Florida Department of Children and Family Services (FDCFS)  
**Federal Grant/Contract Number and Grant Year** Various (See Condition)  
**Finding Type** Questioned Costs – \$262,673.71

**Finding** Payments for unused leave were charged directly to Federal programs, contrary to Federal regulations.

**Criteria** 2 CFR 225, Appendix B, Section 8.d., *Fringe benefits*

**Condition** Pursuant to Section 110.219(7), Florida Statutes, each December, a permanent career service employee shall be entitled, subject to available funds, to a payout of 24 hours of unused annual leave. However no such employee shall receive a payout of greater than 240 hours, including any leave received at the time of separation. An official with the U.S. Office of Management and Budget advised us that these payments would generally be considered indirect costs.

Our review disclosed that payments totaling \$262,673.71 for unused leave, including payments for unused leave of terminated employees (\$29,930.09) and 24-hour leave payouts (\$232,743.62), were made during the 2005-06 fiscal year and charged as direct costs to Federal programs as follows:

CFDA Number	CFDA Title	Federal Grant Number	Amount
10.561	State Administrative Matching Grants for Food Stamp Program	5FL400402	\$52,312.30
93.558	Temporary Assistance for Needy Families	G-0602FLTANF	\$107,681.16
93.566	Refugee and Entrant Assistance – State Administered Programs	G-05AAFL4100 G-06AAFL4100	\$11.00 \$3,390.84
93.575	Child Care and Development Block Grant	G-0501FLCCDF	\$1,517.51
93.658	Foster Care – Title IV-E	0501FL1401 0601FL1401	\$1,322.60 \$14,752.02
93.659	Adoption Assistance	0501FL1407 0601FL1407	\$277.43 \$1,165.00
93.767	State Children’s Health Insurance Program	05-0505FL5021	\$458.99
93.778	Medical Assistance Program	05-0705FL5048	\$79,784.86

**Cause** FDCFS procedure is to charge 24-hour leave payouts to the applicable accounting codes that are assigned to an employee position number for recording the regular salary.



	FDCFS staff did not input the correct accounting codes when performing journal transfers and manual adjustments on leave payouts for retired and terminated employees.
<b>Effect</b>	Federal program funds were used to pay expenses that should have been charged to all FDCFS activities, and Federal programs may have been overcharged by directly charging payments for unused leave.
<b>Recommendation</b>	We recommend that FDCFS establish procedures to charge 24-hour leave payouts as a general administrative expense allocated to all activities of FDCFS. In addition, FDCFS should also ensure that unused leave payments paid at the termination of an employee are properly coded in the accounting system.
<b>State Agency Response and Corrective Action Plan</b>	We have reviewed the above Finding and agree that the pay out of unused leave in the amount of \$29,930.09 was incorrectly charged to Federal programs. As noted in the Finding, this pay-out of unused leave was for terminated employees and should have been charged as indirect costs. Manual adjustments correcting this pay-out will be made during the January to March 2007 Quarter.
	The Department does not concur with the Finding regarding the \$232,743.62 pay-out of the 24 hours of unused leave allowed under Section 110.219(7), Florida Statutes. Per OMB Circular A-87 and supported by a letter from the Department of Health and Human Services Division of Cost Allocation, this is an allowable cost under Federal programs.
<b>Agency Contact and Telephone Number</b>	John Lyons, Acting Staff Director Office of Revenue Management 921-8428
<b>Estimated Corrective Action Date</b>	March 31, 2007
<b>Auditor's Remarks</b>	The criteria for this audit finding is 2 CFR 225, Appendix B, Section 8.d.(3), which provides that "when a governmental agency uses the cash basis of accounting, the cost of leave is recognized in the period the leave is taken and paid for. 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." Based on guidance provided by officials with the U.S. Office of Management and Budget and Florida's cognizant agency for audit, we have included finding Nos. FA 06-005, 06-021, 06-045, 06-046, and 06-070 for audit resolution.

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding Number** FA 06-046  
**CFDA Number** Various (See Condition)  
**Program Title** Various (See Condition)  
**Compliance Requirement** Allowable Costs/Cost Principles  
**State Agency** Florida Department of Health (FDOH)  
**Federal Grant/Contract Number and Grant Year** Various (See Condition)  
**Finding Type** Reportable Condition  
 Questioned Costs – \$77,525.29 (CFDA No. 93.268, \$6,016.11; CFDA No. 93.283, \$11,691.38; CFDA No. 93.917, \$12,752.51; CFDA No. 96.001 and 96.006, \$47,065.29)

**Finding** FDOH charged payments for unused leave as direct costs to various Federal programs, contrary to Federal regulations.

**Criteria** 2 CFR 225, Appendix B, Section 8.d., *Fringe benefits*

**Condition** Pursuant to Section 110.219(7), Florida Statutes, each December, a permanent career service employee shall be entitled, subject to available funds, to a payout of 24 hours of unused annual leave. However, no such employee shall receive a payout of greater than 240 hours, including any leave received at the time of separation. An official with the U.S. Office of Management and Budget advised us that these payments would generally be considered indirect costs.

Our review disclosed that payments totaling \$77,525.29 for unused leave, including payments for unused leave of terminated employees and 24-hour leave payouts, were made during the 2005-06 fiscal year and charged as direct costs to four Federal programs as follows:

CFDA Number	CFDA Title	Federal Grant Number	Amount
93.268	Immunization Grants	H23/CCH422511-03	\$1,136.46
		H23/CCH422511-04	\$4,879.65
93.283	Centers for Disease Control – Investigations and Technical Assistance	U90/CCU417006-06	\$10,309.51
		U50/CCU407145-15	\$933.16
		U58/CCU422790-03	\$448.71
93.917	HIV Care Formula Grants	6 X07HA00057-15	\$12,752.51
96.001/96.006	Disability Insurance/ Supplemental Security Income (SSI) Cluster	04-0504FLD100	\$1,247.55
		04-0604FLD100	\$45,817.74

**Cause** FDOH did not have procedures in place to identify and charge 24-hour leave payouts as indirect costs instead of direct program costs. In addition, accounting errors caused payments for unused leave of terminated employees to be charged as a direct program cost.

**Effect** Federal program funds were used to pay expenses that should have been allocated to all FDOH activities and Federal programs may have been overcharged by directly charging payments for unused leave.

<b>Recommendation</b>	We recommend that FDOH establish procedures to charge 24-hour leave payouts as a general administrative expense allocated to all activities of FDOH. FDOH should also ensure that unused leave payments are properly coded in the accounting system.
<b>State Agency Response and Corrective Action Plan</b>	<p>Do not concur with the 24-hour leave payouts; concur with error related to termination leave payout. FDOH, along with Department of Children and Families and Agency for Workforce Innovation, have worked together and solicited input from U.S. Department of Health and Human Services to establish specific procedures and accounting codes to properly identify and administer Leave Payout activities as outlined in the Office of Management &amp; Budget (OMB) Circular A-87, Attachment B, Paragraph 8 (d) 3 and the Code of Federal Regulations (CFR) Title 2 part 225. At the receipt of this finding, the departments once again solicited each Federal cognizant agency for guidance on the above interpretation from the Auditor General's Office, and the responses were:</p> <p>U.S. HHS Division of Cost Allocation - "We are in agreement with the state's justification pertaining to the procedure for the claiming of 24 hour leave payout as worded in OMB Circular A-87, Attachment B, paragraph 8 (d) 3. When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for".</p> <p>"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> <p>U.S. Department of Labor/Regional Workforce Boards - "I concur with your stance that the "24 hour leave payouts" are treatable as direct costs at the time of incurrence, which is not upon termination. The fact that the policy is in accord with Florida statute and the fact that the policy reduces contingent terminal leave payments, demonstrates the legality and fairness of the policy".</p> <p>"Furthermore, it seems logical that if a person is working on one or more directly charged programs, and that person invokes, or elects, the "24 hour leave payout" then the program(s) the person is working on should pick up the cost of this "self-determined" fringe benefit. I believe the election is not a "severance payment" at all".</p> <ol style="list-style-type: none"> <li>1. Correct error.</li> <li>2. Monitor quarterly the leave payout object codes to ensure that the leave payout is being properly charged in accordance with Federal regulations.</li> </ol>
<b>Agency Contact and Telephone Number</b>	Gary Mahoney, Division of Administration (850) 245-4149
<b>Estimated Corrective Action Date</b>	December 18, 2006
<b>Auditor's Remarks</b>	The criteria for this audit finding is 2 CFR 225, Appendix B, Section 8.d.(3), which provides that "when a governmental agency uses the cash basis of accounting, the cost of leave is recognized in the period the leave is taken and paid for. 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." Based on guidance provided by officials with the U.S. Office of Management and Budget and Florida's cognizant agency for audit, we have included finding Nos. FA 06-005, 06-021, 06-045, 06-046, and 06-070 for audit resolution.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-047</b>
<b>CFDA Number</b>	<b>Various (See Condition)</b>
<b>Program Title</b>	<b>Various (See Condition)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Pass-Through Agency</b>	N/A
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-041
<b>Finding</b>	FDCFS did not always notify subrecipients of all required Federal award information within a reasonable period.
<b>Criteria</b>	OMB Circular A-133, §____.400(d)(1), <i>Pass-through entity responsibilities</i>
<b>Condition</b>	<p>FDCFS procedures require that a Post Award Notice of Federal Financial Participation (PAN) be provided to 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 to subrecipients of 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 39 subrecipients of Federal awards disclosed that FDCFS had made progress in addressing the prior audit finding. However, we noted:</p> <ul style="list-style-type: none"> <li>• For one subrecipient, FDCFS did not include on the PAN all sources of Federal awards.</li> <li>• For one additional subrecipient, FDCFS did not provide updated PANs when the contract was amended to include additional Federal awards.</li> </ul> <p>The above noted instances pertained to the following programs:</p> <p>93.566 – Refugee And Entrant Assistance – State Administered Program  93.576 – Refugee and Entrant Assistance – Discretionary Grants  93.667 – Social Services Block Grant</p>
<b>Cause</b>	FDCFS personnel did not ensure PANs were prepared for all subrecipients and that all required information was included for PANs that were prepared.
<b>Effect</b>	Absent timely notification by FDCFS of applicable Federal award information, subrecipients may not correctly identify Federal funds for financial reporting and accountability purposes.
<b>Recommendation</b>	We recommend that FDCFS ensure that subrecipients are timely notified of required Federal award information in accordance with FDCFS procedures.
<b>State Agency Response and Corrective Action Plan</b>	The Department is very encouraged by the significant improvement in performance in this area. We will continue to emphasize this activity in our future Contract Administrator Monthly Conference Calls as well as our "Fiscal Year Initial Tasks" in July - September 2007.
<b>Agency Contact and Telephone Number</b>	Walter Sachs, Staff Director Contracted Client Services (850) 921-8983
<b>Estimated Corrective Action Date</b>	N/A

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-048</b>
<b>CFDA Number</b>	<b>93.283, 93.917, 93.944</b>
<b>Program Title</b>	<b>Centers for Disease Control and Prevention - Investigations and Technical Assistance HIV Care Formula Grants Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	U90/CCU417006-05 2005 and U90/CCU417006-06 2006 6 X07HA00057-15 2006 U62/CCU423598-02 2005
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$5,131.18 [CFDA No. 93.283, \$1,119.20; CFDA No. 93.917, \$1,213.89 (Federal); \$2,519.02 State); CFDA No. 93.944, \$279.07]
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-044
<b>Finding</b>	FDOH incorrectly charged salary costs associated with disaster-related activities to certain Federal programs and did not properly adjust charges to the Programs.
<b>Criteria</b>	2 CFR 225, Appendix B.8.h.(4), <i>Support of Salaries and Wages</i>
<b>Condition</b>	<p>FDOH employees maintained timesheets reflecting actual hours worked on activities relative to the tropical storms and hurricanes which struck Florida in 2005. Initially, FDOH charged the employees' salaries and benefits to the Federal or State program in which the employees usually worked, even though the activities would not be allowable under the programs. In order for salaries to be eligible for reimbursement from the Disaster Grants, the employee must either work in a declared county, be deployed to a declared county, or be working in the Emergency Operations Center supporting activities conducted in the declared counties. If the employee worked on eligible activities, FDOH personnel compiled the timesheets and calculated the amount of salaries and benefits that should be allocated to the Disaster Grants. If the employee did not work on a declared duty, the allocation of the salaries was the responsibility of the county health department in which the employee was paid.</p> <p>We tested 56 salary transactions totaling \$25,719.28 relating to 13 biweekly pay periods. For 28 of the transactions tested, the amount of salaries and benefits were incorrectly calculated or improperly charged to the Federal program. Specifically:</p> <ul style="list-style-type: none"> <li>• For 13 transactions, employee timesheets indicated the employee had worked on disaster activities; however, appropriate salary adjustments had not been made to move the costs from the Federal program to which the employee's salary was normally charged to an allowable funding source. This resulted in overcharges to the CDC-ITA Program totaling \$1,119.20 (Federal Grant No. U90/CCU417006-05-2), the HIV Care Formula Grant totaling \$506.04 (Federal Grant No. 6 X07HA00057-15), and HIV Care Formula Grant State Matching costs totaling \$89.29. For these instances, FDOH personnel indicated that the costs were not allowable charges to the Disaster Grants and that the costs should be moved to an allowable State-funded source.</li> <li>• For 7 transactions, errors in the salary and benefits calculation resulted in overcharges to the HIV Care Formula Grant totaling \$279.07 (Federal Grant No. 6 X07HA00057-15), the HIV AIDS Surveillance Program totaling \$279.07,</li> </ul>

the CDC-ITA Program totaling \$36.77, and the Random Moment Sampling (RMS) account code totaling \$1,117.85. The RMS account code accumulates expenditures for positions that perform tasks that benefit more than one activity or cost objective, which are subsequently allocated to multiple Federal and State programs and activities.

- For 8 transactions, an accounting error caused the CDC-ITA Program, rather than the HIV Care Formula Grant and related State Matching, to be reimbursed \$2,838.50 from the Disaster Grant. This resulted in overcharges to the HIV Care Formula Grant totaling \$428.78 (Federal Grant No. 6 X07HA00057-15) and HIV Care Formula Grant State Matching costs totaling \$2,429.73.

**Cause**

FDOH procedures were not sufficient to ensure that Program charges for salaries and benefits were adjusted timely for disaster-related activities. In addition, accounting and calculation errors caused overcharges to Federal programs.

**Effect**

The Programs were charged costs in excess of the actual benefits received.

**Recommendation**

FDOH should not charge Federal programs salaries and benefits for disaster-related activities that would not be allowable under the terms of the Programs; however, we recognize that due to the unpredictable nature of disasters, the need to respond in a timely manner, and the State's payroll-by-exception processing, which cannot timely accommodate changes, charging costs to the appropriate funding source at the time the costs are incurred are impractical in the event that disaster response activities are required. We recommend that FDOH improve its procedures to ensure that salary costs are timely and accurately adjusted.

**State Agency Response and Corrective Action Plan**

Concur. FDOH will strengthen its current policies and develop new processes to monitor better the activities relating to FEMA reimbursement and adjusting entries involving other programs at the county health departments (CHD). Each CHD has been notified about the cited audit adjustments and the required accounting entries. Once all adjustments are completed, the Bureau of Revenue Management will review OCA charges in accordance with the Office Management and Budget (OMB) Circular A-87 cost principles and amend Financial Status Reports if necessary. To enhance the accuracy and timing of recording disaster response and recovery labor hours and cost, FDOH developed an online disaster time keeping system that went into operation department-wide in August 2006.

Develop and make changes to all existing policies and procedures involving FEMA costs reimbursements for use by program offices and county health departments.

**Agency Contact and Telephone Number**

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

**Estimated Corrective Action Date**

February 15, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-049</b>
<b>CFDA Number</b>	<b>93.283</b>
<b>Program Title</b>	<b>Centers for Disease Control and Prevention – Investigations and Technical Assistance (CDC-ITA)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	U90/CCU417006 (2005 and 2006) – Public Health Preparedness
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-059
<b>Finding</b>	Contrary to State law, FDOH continued to fund staff positions assigned to perform State coordination and oversight functions through the County Health Department Trust Fund. Additionally, FDOH did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
<b>Criteria</b>	<p>2 CFR 225, App. A, Section C.1.c. – Costs must be authorized or not prohibited under State or local laws or regulations.</p> <p>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 FDOH. Section 154.02, Florida Statutes, established the County Health Department Trust Fund from which funds are to be expended for the purpose of carrying out the intent and object of the public health contract.</p> <p>Sections 216.262(1) and 216.2625, Florida Statutes, provide 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 Appropriation Acts.</p> <p>Section 216.2625(1), Florida Statutes, provides that funds from the County Health Department Trust Fund may be expended by FDOH for the respective county health departments in accordance with budgets and plans agreed upon by the county and FDOH.</p> <p>Florida Attorney General Advisory Legal Opinion, 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, positions assigned to the county health departments should perform services within or solely pertaining to the county to which the positions are assigned. Positions assigned to coordinate, supervise, or oversee activities pertaining to multiple counties should be assigned to authorized positions established pursuant to Section 216.262, Florida Statutes.</p>
<b>Condition</b>	Our current review disclosed that FDOH continued to use 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. FDOH identified 176 positions with annual salaries totaling approximately \$7 million at June 30, 2006, that were working at FDOH headquarters and funded by the County Health Department Trust Fund. Of the 176 positions, annual salaries totaling approximately \$5.7 million for 149 positions

were paid from Federal programs. Our review of 3 of the 40 positions funded by the CDC-ITA Program during the 2005-06 fiscal year disclosed that the duties performed did not relate solely to the provision of the three levels of services at the county health department to which the positions were assigned. Rather, these positions performed the following functions which were not limited to the county to which the positions were assigned:

- Overseeing multiple contracts related to preparedness and disaster, providing technical assistance, and assisting with satellite productions as liaison for disaster preparedness
- Overseeing the acute epidemiology unit assisting all county health departments with communicable disease problems
- Project manager for the Department's learning management system that allows scheduling and the announcement of all training for FDOH employees

FDOH indicated in the SSPAF that the finding was fully corrected by implementation of a verification process and tool that would provide routinely updated documentation that central and program office positions paid from the County Health Department Trust Fund are working 100 percent for the county health departments. However, the certification does not require the employee to certify they are working solely for the benefit of the county health department to which they are assigned.

<b>Cause</b>	FDOH indicated that the assignment of positions to 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.
<b>Effect</b>	By using positions funded from the County Health Department Trust Fund for statewide oversight functions, FDOH has, in effect, exceeded the budgetary limitations placed on the number of authorized State positions established in the Appropriations Acts.
<b>Recommendation</b>	In its Federal determination letter, USDHHS staff indicated that it was FDOH's responsibility to resolve this audit finding. Absent express statutory authority, we again recommend that FDOH refrain from assigning positions performing State-level coordination activities to specific county health departments. In addition, we recommend that for each central office position funded from the County Health Department Trust Fund, FDOH revise its verification process to ensure that the nature of the job duties relate solely to the county health department to which the employee is assigned.
<b>State Agency Response and Corrective Action Plan</b>	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 the 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 CHD specific, regional or statewide work to the CHD trust fund was made in consultation and concurrence with FDOH legal counsel.  Monitor those positions moved to the County Health Department (CHD) Trust Fund through its semi-annual CHD Funding & Support Certification process, which is outlined in FDOH Financial Memorandum #06-17.
<b>Agency Contact and Telephone Number</b>	Gary Mahoney, Division of Administration (850) 245-4149
<b>Estimated Corrective Action Date</b>	February 15, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-050</b>
<b>CFDA Number</b>	<b>93.558</b>
<b>Program Title</b>	<b>Temporary Assistance for Needy Families (TANF)</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	G-0501FLTANF 2005 and G-0601FLTANF 2006
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs - \$5,687
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-063
<b>Finding</b>	FDCFS did not always document eligibility for TANF benefits.
<b>Criteria</b>	State Plan for TANF; Eligibility for TANF Funded Assistance; 42 USC 608(a)(8) and (9) Denial of assistance for fraudulent receipt of assistance simultaneously in two or more states and denial of assistance for fugitive felons and probation and parole violators; 21 USC 862a Denial of assistance and benefits for certain drug related convictions
<b>Condition</b>	<p>Our tests of eligibility-related documentation for 40 clients (cases) that received TANF benefits during the 2005-06 fiscal year disclosed the following:</p> <ul style="list-style-type: none"> <li>• Thirteen cases did not contain documentation evidencing whether anyone in the home had ever been convicted of fraudulently receiving benefits simultaneously in two or more states, fleeing the law due to a felony or for violating a condition of probation or parole, or having been convicted of a drug trafficking felony. Of the 13 cases, 12 applicants applied for benefits using FDCFS' web-based application system (ACCESS Florida) and one used a paper Request for Assistance. FDCFS relies on self-declaration for these eligibility requirements.</li> <li>• One case in which the applicant did not respond to the question on the RFA regarding having anyone in the home fleeing the law due to a felony or for violating a condition of probation or parole.</li> <li>• Nine cases in which FDCFS could not provide a RFA for the eligibility period tested.</li> </ul> <p>In these instances, benefit payments sampled totaled \$5,687 (\$1,065 for grant number G-0501FLTANF and \$4,622 for grant number G-0601FLTANF).</p>
<b>Cause</b>	ACCESS Florida's web-based online application process for TANF benefits did not require applicants to provide information regarding felon status and fraudulent receipt of benefits. FDCFS personnel did not ensure applicants properly completed RFAs and did not properly maintain RFAs in the case files.
<b>Effect</b>	The TANF program was charged for cases where eligibility was not properly documented. Additionally, this has an effect on the Medicaid Program (CFDA No. 93.778) as TANF eligible clients are categorically eligible for Medicaid benefits.
<b>Recommendation</b>	We recommend that FDCFS improve its procedures to ensure that client eligibility is documented. FDCFS should modify ACCESS Florida's web-based online application process to include questions regarding felon status and fraudulent receipt of benefits.

**State Agency Response and Corrective Action Plan**

The Social Security Act denies assistance to certain felons and people receiving benefits in more than one state, but does not prescribe state practices for identifying such individuals. Inferences that lack of case recording on these elements caused payments to be made to ineligible recipients can easily be miscommunicated. There is no available evidence indicating any of the recipients cited in the audit were actually ineligible felons or had received benefits in more than one state. These elements very rarely affect correct TANF payment. In the past five years only two cases (out of more than 100,000) have been denied benefits for these reasons and both of those were in 2006 when most applications were web based.

The web based application does not currently collect data on felon status or duplicate receipt of benefits. Therefore, the summary sheet that is generated from the web application (RFA) will not contain data in those fields. Plans are underway to replace the current RFA summary format with one that is more appropriate and compatible with the web based application.

Corrective Action 1: To improve data collection, questions will be added to the web application requesting a response from applicants on these items.

The other finding regarding lack of a response to the question about felon status involved a paper application in which the customer did not answer those questions.

Corrective Action 2: Applicants are encouraged to use the web based application, and more than 90% currently do so. Adding questions about these factors to the web based application and training staff to review the responses should improve data recording.

The nine instances in which an application could not be provided involved paper applications that were boxed for scanning preparation and storage during conversion to an electronic document imaging system. That conversion is now complete. Further, more than 90% of applications are now completed electronically, stored in state maintained servers and available for review and retrieval statewide.

Corrective Action 3: Applications received electronically are stored on state maintained servers, without the need for paper documents or scanned images. The small percentage that are still received in paper format are now scanned and stored electronically. The document imaging system was operational statewide as of 12/31/06. Completion of this project will ensure the electronic availability of case documentation for future audits.

**Agency Contact and Telephone Number**

Debbie Owens - (850) 921-5570 Corrective Action 1 & 3  
 Eileen Schilling - (850) 414-5643 Corrective Action 2

**Estimated Corrective Action Date**

Corrective Action 1 - June 30, 2007  
 Corrective Action 2 - June 30, 2007  
 Corrective Action 3 - Implemented December 31, 2006

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-051</b>
<b>CFDA Number</b>	<b>93.558</b>
<b>Program Title</b>	<b>Temporary Assistance for Needy Families (TANF)</b>
<b>Compliance Requirement</b>	Special Tests and Provisions
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	G-0601FLTANF 2006
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$2,780
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-066
<b>Finding</b>	FDCFS personnel did not take timely action to discontinue benefits upon notification of CSE sanctions.
<b>Criteria</b>	45 CFR 264.30, <i>Cooperation With Child Support Enforcement</i> , Section 1420.1700, FDCFS State Plan, applicants for and recipients of temporary cash assistance must cooperate with CSE as a condition of eligibility; Section 1420.1711, FDCFS State Plan, requires reports of non-cooperation to be acted on within 10 calendar days after notification from CSE
<b>Condition</b>	We reviewed FDCFS actions in regard to 15 TANF clients (cases) that were reported by the Florida Department of Revenue to FDCFS for not cooperating with the CSE Program. Our review disclosed 3 cases in which benefits were allowed to continue for one, three, and seven months, respectively. As a result, FDCFS improperly paid benefits totaling \$2,780.
<b>Cause</b>	In two of the three cases, FDCFS staff indicated that the sanctions were requested during the time that ongoing case processing activities were delayed as a result of the deployment of staff to assist in the Disaster Food Stamp Program following Hurricane Wilma. In the other instance, the sanction was not imposed until after a second communication from FDOR resulting in a one month delay in imposing the sanction.
<b>Effect</b>	FDCFS paid TANF benefits to ineligible recipients.
<b>Recommendation</b>	We recommend that FDCFS ensure that TANF benefits are timely discontinued for individuals upon notification of noncompliance with the CSE Program.
<b>State Agency Response and Corrective Action Plan</b>	In addition to the need for reassignment of staff to process Hurricane Wilma Disaster Food Stamps applications, another factor was the method in which Child Support Enforcement (CSE) sanctions were communicated by the Department of Revenue to our Department. Prior to November 1, 2006, sanction requests were received via FLORIDA system worker alerts and the alert notification process was difficult to track timeliness and completion to ensure CSE sanctions were correctly imposed. Corrective Action: In November 2006 the Department implemented a change in how CSE sanction requests are sent to DCF. Notification is now received via a FLORIDA system Data Exchange response (DECS). Data Exchange responses, unlike worker alerts, are readily available to Case Maintenance Unit staff who have responsibility for timely processing all Data Exchange Responses on active FLORIDA cases. The errors cited in this audit occurred prior to November 1, and we anticipate that the creation of the DECS sanction notification will alleviate this problem in future audits.
<b>Agency Contact and Telephone Number</b>	Anita Cawthon (850) 414-0182
<b>Estimated Corrective Action Date</b>	Corrective Action Implemented November 1, 2006

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-052</b>
<b>CFDA Number</b>	93.563
<b>Program Title</b>	<b>Child Support Enforcement (CSE)</b>
<b>Compliance Requirement</b>	Reporting
<b>State Agency</b>	<b>Florida Department of Revenue (FDOR)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	0504FL4004 2004 and 0604FL4004 2005
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-068
<b>Finding</b>	FDOR procedures were not adequate to ensure the completeness and accuracy of information reported in the Quarterly Reports of Collections (OCSE-34A).
<b>Criteria</b>	To ensure the reliability of records and reports, internal control policies and procedures should provide for independent verification of the reconciliation of related information maintained on multiple records or record systems. In situations in which a contractor is used to process transactions and maintain and reconcile records, the independent verification function may be achieved through evaluations performed on at least an annual basis by persons independent of the contractor.
<b>Condition</b>	<p>Florida's State Disbursement Unit (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 FLORIDA System, FDOR reported collections totaling approximately \$1.5 billion on the Quarterly Reports of Collections (OCSE-34A) submitted for the 2005-06 fiscal year.</p> <p>FDOR staff indicated that, due to the volume of transactions, a reconciliation between SDU records and FLORIDA is not practicable. FDOR anticipates that a reconciliation of these systems will be possible when a new program system is installed in 2010.</p>
<b>Cause</b>	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.
<b>Effect</b>	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.
<b>Recommendation</b>	We recommend that 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.
<b>State Agency Response and Corrective Action Plan</b>	During SFY 2005/06, the Department performed a monthly reconciliation of receipt and disbursement data reported by the FLORIDA system with receipt and disbursement data reported by the FLAIR system. Additionally, the Department reconciled daily the transfer of funds transactions between the FLAIR system, Clerks of Court and SDU bank accounts using data generated by multiple systems. This included reconciliation of FLORIDA daily disbursement file with the SDU disbursement files. The Department's State Disbursement Unit (SDU) vendor reconciled daily child support receipts and disbursements on a weekly basis. The Department reviewed and validated the SDU reconciliations and supporting documentation.

As noted in the finding, reconciliation is complicated due to multiple systems which were not designed to serve as an integrated, comprehensive accounting system. Although the Department reconciled certain transactions that are components of the child support program, a complete reconciliation of all activity was not possible. A complete reconciliation is neither possible nor feasible with the current systems. The Department is continuing to pursue its development of the Child Support Enforcement Automated Management System (CAMS), which is projected to be implemented in 2010.

The Department will continue the SFY 2005/06 reconciliation activities during SFY 2006/07.

**Agency Contact and  
Telephone Number**

**Estimated Corrective  
Action Date**

Buster Pfaender  
(850) 922-6350

SFY 2010/11

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-053</b>
<b>CFDA Number</b>	<b>93.566</b>
<b>Program Title</b>	<b>Refugee and Entrant Assistance – State Administered Programs (REAP)</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	G-05AAFL4100 and G-06AAFL4100
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, and Reportable Condition Questioned Costs – \$6,851.34
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-069
<b>Finding</b>	FDCFS provided REAP benefits to or on behalf of individuals for whom FDCFS could not provide documentation supporting eligibility.
<b>Criteria</b>	45 CFR 400.43, 400.53, 400.100(b), 400.203(a)
<b>Condition</b>	<p>We reviewed case files for 40 individuals receiving Refugee Medical Assistance (RMA) and Refugee Cash Assistance (RCA) to determine whether clients met the categorical and financial requirements of the Programs. Our review disclosed that benefits totaling \$6,851.34 (\$1,820 for grant number GA-05AAFL4100 and \$5,031.34 for grant number G-06AAFL4100) were paid during the 2004-05 and 2005-06 fiscal years to or on behalf of one ineligible individual and seven individuals for whom FDCFS could not provide the required documentation. Specifically, we noted:</p> <ul style="list-style-type: none"> <li>• In one instance, RCA benefits totaling \$786 were paid to a client who was not eligible for assistance.</li> <li>• In three instances, documentation issued by the U.S. Citizenship and Immigration Services was not available to support the clients' refugee status. RCA benefits totaling \$2,748 were paid to or on behalf of these clients.</li> <li>• In three instances, case records did not document that clients met the work participation requirements. RCA benefits totaling \$2,293 were paid to or on behalf of these clients.</li> <li>• In one instance, a case record was not available. RMA benefits totaling \$1,024.34 were paid to or on behalf of this client.</li> </ul>
<b>Cause</b>	FDCFS failed to maintain case records in accordance with procedures established to prevent amounts from being paid to or on behalf of ineligible individuals.
<b>Effect</b>	REAP benefits were used to provide RMA and RCA to or on behalf of individuals who were ineligible or for whom FDCFS could not provide documentation supporting eligibility.
<b>Recommendation</b>	We recommend that FDCFS strengthen its efforts to ensure that RMA and RCA benefits are provided only to eligible individuals who are properly documented as being eligible for Program benefits. FDCFS should also ensure that appropriate documentation is maintained for individuals receiving benefits.
<b>State Agency Response and Corrective Action Plan</b>	<p>The one instance of RCA benefits being paid to a client not eligible for assistance involved incorrect coding of immigration status.</p> <p>The three instances where documentation was not available to support the clients' refugee status and the three instances where work participation documents could not be located are attributed to the ACCESS Florida program's conversion to an electronic document imaging (scanning) system. The most recent paper</p>

documents in case records were sent to off site electronic document scanning locations and were not readily available for the audit.

In the one instance where a case record was not available, the document imaging process that was put in place 12/31/06 should alleviate this problem as well.

Corrective Action 1: To ensure that RCA benefits are paid only to individuals who are eligible, training in eligibility determination will be stressed. Of particular significance in this instance is knowledge of USCIS (formerly INS) documentation. Pre-service and in-service training will emphasize the importance of having the appropriate documentation of the individual's noncitizen status. In addition to training, supervisory review will be conducted to make certain that persons who do not have the proper status will not be awarded benefits.

Corrective Action 2: The Department completed scanning of paper documents on 12/31/06. Completion of this project will ensure the availability of case documentation via statewide document imaging technology for future audits.

**Agency Contact and  
Telephone Number**

Ann Herring (850) 921-5580 Corrective Action 1  
Debbie Owens (850) 921-5570 Corrective Action 2

**Estimated Corrective  
Action Date**

Corrective Action 1 June 30, 2007  
Corrective Action 2 Implemented December 31, 2006

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-054</b>
<b>CFDA Number</b>	<b>93.575 and 93.596</b>
<b>Program Title</b>	<b>Child Care Cluster (CC)</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS) Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	G-0602FLCCDF 2005-06
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$9,665.08 (Federal Share \$8,752.21)
<b>Finding</b>	FDCFS and the Early Learning Coalitions (ELCs) procedures were not adequate to ensure that documentation was maintained to support the eligibility of children to receive Federally funded child care services.
<b>Criteria</b>	45 CFR, 98.20, <i>A child's eligibility for child care services</i> , Section 411.01, Florida Statutes, and <i>State Plan for CCDF Services</i>
<b>Condition</b>	<p>FAWI administers the CC Program through agreements with 31 local ELCs. Eligibility for the CC Program is determined by ELC staff and by FDCFS staff. Maintenance of eligibility documentation is the responsibility of the entity making the determination. FDCFS eligibility determinations include those in which a child is considered at risk for abuse or neglect (under investigation or receiving protective supervision). After determining a child eligible for CC Program services, FDCFS provides the ELCs with a document (Child Care Application and Authorization) referring the child for CC Program services and, pursuant to State law, these children are to receive priority placement.</p> <p>We reviewed documentation related to the cases of 40 children referred by FDCFS for CC Program services. Our review of the 35 cases classified as at-risk disclosed that for 5 cases FDCFS did not provide documentation evidencing that the child was at risk of abuse or neglect (e.g., court order for protective supervision or foster care, case notes, etc). During the 2005-06 fiscal year, subsidized child care payments totaling \$9,665.08 were paid on behalf of these five children.</p> <p>In addition, for 2 of the 5 cases referred by FDCFS but not classified as at-risk, FAWI and the applicable ELC were unable to provide the Child Care Application and Authorization form. Other documentation was available to indicate that the children involved in these cases were eligible to receive services.</p>
<b>Cause</b>	FDCFS and ELC documentation control procedures were inadequate as demonstrated by the respective staff's inability to locate the applicable documentation.
<b>Effect</b>	CC Program funds may have been used to pay for child care services for children who were not eligible. Absent the FDCFS referral documentation, FAWI and the ELCs cannot demonstrate that the cases were appropriately classified for priority placement.
<b>Recommendation</b>	We recommend that FDCFS and the ELCs enhance procedures to ensure that adequate documentation supporting the eligibility of all children receiving subsidized child care services is maintained.



**State Agency Response and Corrective Action Plan Florida Department of Children and Family Services:**

The Department of Children and Families has recently located and received documentation of the at risk status for the 5 children described above. Therefore, the Department can provide this information for consideration to interested parties.

The Department of Children and Families is sending a representative to the Subsidized Child Care state plan meetings conducted by AWI February 8 and March 28, 2007. The Department of Children and Families will review policy guidance disseminated to the field 9-3-03 regarding the eligibility process for subsidized child care and determine the appropriate way to clarify expectations for agencies making referrals for child care services. This may be accomplished by redistribution of existing policy guidance, conference calls, and/or a revised process. In addition, the Department will review confidentiality requirements to ensure expectations are clear about appropriate documents to share with child care providers.

**Florida Agency for Workforce Innovation:**

The Agency for Workforce Innovation recognizes the importance of program accountability and agrees with the Auditor General's recommendation of enhancing eligibility procedures. Agency for Workforce Innovation and Florida Department of Children and Family Services staff have been in contact to improve existing procedures for the referral process. Pursuant to Rule 60BB-4.201, Florida Administrative Code, eligibility for children at risk of abuse or neglect is not dependent on family income or work requirements, and is based on a documented referral from the Florida Department of Children and Family Services, or its contracted provider. The Early Learning Coalition provided services to these five children based on referrals from the Florida Department of Children and Family Services. Early Learning Coalitions do not have access to the documentation maintained by the Florida Department of Children and Family Services to determine eligibility for protective services. However, based on the Auditor General's finding Agency for Workforce Innovation staff has emphasized the importance of maintaining the required documentation to the Florida Department of Children and Family Services. Furthermore, upon confirmation from the Florida Department of Children and Family Services that services were provided when a child was not eligible, the appropriate Federal grants will be reimbursed.

For the two children not classified as at-risk, the Early Learning Coalition stated that these children were enrolled using court orders for long-term custody stating that the Protective Services supervision was terminated. Documentation provided by both participants indicated that one was receiving "child only" cash assistance and the other was a recipient of the relative caregiver program; therefore the Early Learning Coalition enrolled the children in the appropriate category. Each Early Learning Coalition has the authority to serve clients meeting eligibility requirements based on need and documentation of eligibility in accordance with Section 411.01 (6), Florida Statutes. For this reason, the Coalition placed the children in the eligibility group that described their classification.

The Agency for Workforce Innovation has taken steps to implement the Auditor General's recommendation. Implementation of an eligibility review of client files in all thirty-one Coalitions has begun and will be fully operational in March 2007. This review will examine the documentation procedures used to determine eligibility and review the accuracy of child care service payments. The review will also be the starting point to standardize eligibility procedures and business practices for all Early Learning Coalitions. Also, the Agency for Workforce Innovation has provided instructions to each Early Learning Coalition to confirm each protective services referral and request immediate notification of any changes in eligibility status.

**Agency Contact and Telephone Number**

**Florida Department of Children and Family Services:**

Linda D Johns  
(850) 414-9982

**Florida Agency for Workforce Innovation:**

Barbara Griffin, Deputy Director  
(850) 245-7137

**Estimated Corrective Action Date**

**Florida Department of Children and Family Services:**

June 30, 2007

**Florida Agency for Workforce Innovation:**

FAWI has initiated appropriate corrective action to be completed by September 2007.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-055</b>
<b>CFDA Number</b>	<b>93.575 and 93.596</b>
<b>Program Title</b>	<b>Child Care Cluster (CC)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Agency for Workforce Innovation (FAWI)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	0602FLCCDF 2005-06 and 0501FLCCDF 2004-2005
<b>Finding Type</b>	Material Noncompliance, Material Weakness, and Reportable Condition
<b>Finding</b>	FAWI did not timely perform monitoring at the Early Learning Coalitions (ELCs). Additionally, FAWI monitoring procedures did not require a review of the eligibility determinations performed by the ELCs.
<b>Criteria</b>	OMB Circular A-133. §__.400(d), <i>Pass-through entity responsibilities</i> and OMB Circular A-133 Compliance Supplement
<b>Condition</b>	<p>FAWI administers the CC Program through agreements with and annual grant awards to 31 local ELCs. During the 2005-06 fiscal year, CC Program expenditures totaled \$358 million, of which FAWI provided \$348 million to subrecipients. Pursuant to Federal regulations, FAWI, as lead agency, is responsible for during-the-award monitoring of the ELCs to ensure that the CC Program is administered in compliance with laws, regulations, and the provisions of agreements and that performance goals are achieved. FAWI staff perform program monitoring and FAWI has entered into a contract with a private entity for the performance of financial monitoring.</p> <p>During the 2005-06 fiscal year, program monitoring reports for only 2 of the 31 ELCs were finalized and, although there was evidence that financial monitoring was performed at all 31 ELCs, only four financial monitoring reports were finalized.</p> <p>Our review of the two program monitoring reports finalized by FAWI during the 2005-06 fiscal year and the associated monitoring tool disclosed that documentation of eligibility determinations was not addressed during program monitoring. In addition, our review of the financial monitoring tool and inquiries of FAWI staff disclosed that eligibility testing is not covered by the financial monitoring tool or included as part of the contracted financial monitoring services performed. Accordingly, it is not apparent that FAWI monitoring included criteria to ascertain that:</p> <ul style="list-style-type: none"> <li>• All children receiving CC Program funded services were eligible,</li> <li>• Client files contained adequate documentation to support eligibility, or</li> <li>• Eligibility was timely discontinued when services were no longer needed.</li> </ul>
<b>Cause</b>	FAWI did not have a comprehensive program monitoring process in place during the 2005-06 fiscal year. According to FAWI staff, they were setting up a standard process for use in the 2006-07 fiscal year.
<b>Effect</b>	Not monitoring the ELCs timely limits FAWI's ability to detect ineffective and inefficient delivery of services; noncompliance with laws, regulations, and provisions of contracts; or underachievement of performance goals and ensure that prompt, appropriate corrective actions are taken.
<b>Recommendation</b>	FAWI staff indicated that the triennial monitoring process implemented for the 2006-07 fiscal year will provide a more comprehensive performance and accountability monitoring program that includes eligibility as part of the review process. We recommend FAWI ensure that monitoring reports are finalized in a

timely manner. Additionally, we recommend that FAWI enhance its monitoring procedures to include a review of eligibility determinations and the adequacy of the supporting documentation maintained in client files.

**State Agency Response and  
Corrective Action Plan**

The Agency for Workforce Innovation agrees that improvements in the external monitoring process will increase coalition accountability and performance and will build the people's trust and confidence in government. Program accountability is a priority for the Agency, we have initiated additional eligibility monitoring, discussed below, and we will also require coalitions to complete an Internal Control Self Assessment each year effective with the 2007-08 grant. Training on Internal Controls and Fraud Prevention will be provided to the Coalitions on March 15, 2007.

During fiscal year 2005-06, the Agency for Workforce Innovation contracted for financial monitoring services for the early learning coalitions. The monitoring timelines were set as part of the contract terms. The following provides a timeline of the monitoring activities during fiscal year 2005-06: (1) The active 2005 hurricane season contributed to delays in executing the contract for services, conducting the mandatory training workshops for the monitoring teams and scheduling onsite visits with the early learning coalitions. (2) The Agency sponsored training workshops that were held in December 2005 and onsite monitoring visits began in late January 2006. (3) All onsite coalition monitoring visits were completed by May 31st. (4) All draft reports were submitted to Agency staff for review by June 30th. (5) Sixteen (16) coalition financial monitoring reports were finalized by Agency staff on or before July 31, 2006. (6) The remaining fifteen (15) coalition monitoring reports were finalized prior to September 15, 2006.

The 2006-07 monitoring timelines were again set as part of the contract terms for the second year of this contract. Agency staff determined onsite monitoring visits would begin no earlier than mid-October, so that each coalition could be monitored on at least one full quarter of actual operations. The target deadlines noted in items (3) and (4) above are the same for 2006-07. Accordingly, the Agency for Workforce Innovation has determined that maintaining these processing timelines along with the Agency's established processing procedures, will help Agency staff achieve similar or improved timeliness of results for 2006-07 financial monitoring reports.

The Agency for Workforce Innovation monitors the activities of its subrecipients in a variety of ways. These monitoring activities include: 1) fiscal monitoring, which includes monitoring steps to determine the coalitions' compliance with subrecipient monitoring requirements; 2) receipt and review of each coalition's Single Audit, including issuing management decisions within six months; 3) triennial comprehensive program review; 4) desk reviews of reimbursement requests by Agency grants analysts, including review of general ledger; 5) regular contact by Agency coalition analysts, such as attending coalition board meetings, providing technical assistance, inquiry on program activity with coalition and contractor staff; and 6) submission, review and approval of coalitions plans describing program activities.

The Agency for Workforce Innovation provides grant awards to thirty-one coalitions throughout the state to administer the School Readiness Program at the local level. The early learning coalitions are Agency subrecipients, and during the 2005-06 fiscal year, six coalitions performed eligibility determinations in-house. Two ELCs brought this function in-house during the second part of the fiscal year, and the remaining twenty-three ELCs contracted with their own subrecipients to perform these determinations. The financial monitoring services performed in 2005-06 included steps to determine whether the coalitions are meeting their responsibility to perform subrecipient monitoring. These procedures are also included in the 2006-07 monitoring.

Based on the recommendation from the Auditor General, the Agency for Workforce Innovation will further enhance the comprehensive monitoring approach and implement an annual eligibility review process beginning in March 2007 of all thirty-one coalitions and their subrecipients, which will include evaluating eligibility documentation procedures and business practices.

**Agency Contact and  
Telephone Number**

Barbara Griffin, Deputy Director  
(850) 245-7137

**Estimated Corrective  
Action Date**

Corrective action is scheduled for completion in March 2007.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-056</b>
<b>CFDA Number</b>	<b>93.658</b>
<b>Program Title</b>	<b>Foster Care – Title IV-E</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Eligibility
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition - Eligibility Material Noncompliance and Reportable Condition – Activities Allowed or Unallowed Questioned Costs – \$104,385.00 (Federal Share \$61,472.82)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-070
<b>Finding</b>	FDCFS made payments to providers subsequent to the removal of the child from the provider's home. Additionally, payments were made on behalf of children for which Foster Care - Title IV-E eligibility was not properly documented.
<b>Criteria</b>	45 CFR 1356.21, Foster care maintenance payments program implementation requirements; 45 CFR 1356.30, Safety requirements for foster care and adoptive home providers; 42 USC 672, Foster care maintenance payments program; Section 39.001, Purposes and intent; personnel standards, Florida Statutes; 65C-13.009, Parent Preparation and Mutual Selection, Florida Administrative Code; <i>Family Safety Statewide Operation Procedures, CFOP 175-71</i>
<b>Condition</b>	<p>FDCFS has responsibility for determining Foster Care - Title IV-E eligibility. Community-Based Care agencies (CBCs) provide documentation, and in some instances, maintain the case files supporting eligibility. We examined 40 case files for children receiving Foster Care – Title IV-E funded benefits and noted that in two instances FDCFS paid Foster Care – Title IV-E maintenance payments totaling \$2,674.46 (Federal Grant No. 0501FL1401) subsequent to the removal of the child from the provider's home. Additionally, we noted 14 instances where FDCFS paid Foster Care – Title IV-E maintenance payments totaling \$101,710.54 without properly documenting eligibility. Specifically we noted:</p> <ul style="list-style-type: none"> <li>• For two instances, the first court ruling did not contain the required “contrary to the welfare” language.</li> <li>• For one instance, the judicial determination did not state that reasonable efforts were made, or were not required to prevent the removal of the child.</li> <li>• For two instances, there was no evidence that a judicial determination regarding efforts to finalize the permanency plan was made during the 2005-06 fiscal year. For an additional instance, there was no evidence that a judicial determination regarding efforts to finalize the permanency plan had ever been made. The child entered foster care on February 26, 2002.</li> <li>• In nine instances, although requested, FDCFS could not provide current background screenings for the licensed foster care providers.</li> <li>• In two instances, FDCFS could not provide a signed affidavit that satisfied the requirement that safety considerations with respect to staff have been addressed.</li> <li>• In one instance, a child resided in a child care institution that did not meet the definition of an allowable institution.</li> </ul>

Instances noted above pertain to the following grant awards:

Federal Grant Award Number	Federal Share
0301FL1401	\$6,669.25
0401FL1401	\$5,230.49
0501FL1401	\$22,034.14
0601FL1401	\$27,538.94

**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 on behalf of children that had not been documented as eligible to receive Program services.

**Recommendation** We recommend FDCFS take appropriate action, including monitoring CBC case files, 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 for foster care are 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. FDCFS should determine whether improper payments were also made in relation to the above-noted cases after June 30, 2006.

We also recommend that FDCFS ensure that background screenings for the nine instances described above are conducted and documented.

**State Agency Response and Corrective Action Plan** Zones, districts and Community Based Care agencies with case management and licensing responsibilities have been asked to:

- develop local corrective action plans that identify how each error type will be addressed, action steps to be taken to prevent future errors of the same type and generally ensure that Title IV-E funding is only expended for eligible children in eligible placements;

- make prior fiscal year adjustments for all improper payments and submit documentation of such adjustments to central office.

The Family Safety Program Office will process and track prior year adjustments of improper payments and submit documentation to the Office of Revenue Management for making adjustments to the Title IV-E grant awards.

The Family Safety Program Office will continue to provide technical assistance and training to local areas via regular conference calls and on-site training, upon request by the local agency.

The Office of Quality Assurance has plans to complete a statewide licensing review that will incorporate monitoring compliance with all background screening requirements.

An initial statewide background screening meeting was convened in Tallahassee on February 16, 2007. Participants identified need for improving the program. To begin the improvement process, central office coordination of background screening was recently transferred from the Family Safety Program Office to the Florida Abuse Hotline.

**Agency Contact and  
Telephone Number**

Mukweso Mwenene  
(850) 922-0510

**Estimated Corrective  
Action Date**

June 30, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-057</b>
<b>CFDA Number</b>	<b>93.658 and 93.659</b>
<b>Program Title</b>	<b>Foster Care and Adoption Assistance – Title IV-E</b>
<b>Compliance Requirement</b>	Activities Allowed and Unallowed, Subrecipient Monitoring, and Procurement
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	0501FL1401, 0601FL1401, 0501FL1407, and 0601FL1407
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-048
<b>Finding</b>	FDCFS had not implemented policies and procedures defining the minimum level of review required by FDCFS contract managers prior to approving subrecipient invoices for payment.
<b>Criteria</b>	OMB Circular A-133, §__.400(d), <i>Pass-through entity responsibilities</i>
<b>Condition</b>	FDCFS contracted with Community-Based Care (CBC) organizations to provide case management, training, and payments to adoptive parents and foster care providers. During the 2005-06 fiscal year, contract payments to CBCs represented approximately 80 percent of the \$357 million in Foster Care and Adoption Assistance Program expenditures. FDCFS had not adopted standards governing the review of subrecipient invoices. Additionally, we tested 22 CBC invoices and found numerous instances of invoices approved by the FDCFS contract manager containing little or no evidence of review.
<b>Cause</b>	FDCFS staff indicated that they had not adopted standards for the review of subrecipient invoices. Additionally, oversight of the invoice approval process is the responsibility of each contract manager's supervisor and there is no centralized oversight or monitoring of the invoice approval process.
<b>Effect</b>	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.
<b>Recommendation</b>	We recommend FDCFS implement written policies and procedures that require a review process for CBC invoices. In developing a review process FDCFS should adequately address the nature and complexity of the contract funding and related requirements, the timeliness of the reviews, the extent that supporting documentation of invoice amounts paid should be reviewed, and the adequate documentation of the review.
<b>State Agency Response and Corrective Action Plan</b>	While the Department did not establish formal operating procedures, the department's CBC contract managers were instructed in several meetings to use the Best Practice Guide that was issued in 2004 as a tool for conducting invoice review and approval. Additionally, we set aside specific time in those meetings for training and discussion of the process. The best practice tool included specific requirements for processes related to verification of direct payments to foster care and adoptive parents through ICWSIS, time log verification, and the review of purchased services. The contract managers were instructed to follow prescriptive techniques to review three separate tabs that were part of the invoice package to verify accuracy of data input and the alignment of information collected from various systems and documentation including HomeSafenet, ICWSIS, and the Time Log Summary Reports. For purchased services, the best practice tool allowed each contract manager to determine what supporting documentation was submitted to support the invoice in addition to what is required in the "Invoice Requirements" paragraph. Contract managers were encouraged to vary their

supporting documentation requests so a broad analysis of compliance could be accomplished throughout an annual cycle. There may have been inconsistencies in invoice review since this process was not dictated as an absolute operating procedure. The CBC contracts have all been amended, effective October 1, 2006, to a fixed price method of payment that allows for the submission of an advance payment request. Invoice review is now limited to conformance with the contract requirements related to the fixed monthly amount and categorical alignment. The analysis of expenditures, fully implemented on July 1, 2006, now occurs as another part of the oversight process, separate from invoicing. The contracted Fiscal Monitors perform tests on accounting systems and transactions to ensure funds are earned in accordance with contract and funding source requirements. The Fiscal Monitor findings are reported to the contract manager in monthly reports and any necessary corrective actions or adjustments are made based on those findings. We will continue to evaluate the Fiscal Monitor process to ensure we have consistency in expenditure documentation and accountability.

**Agency Contact and  
Telephone Number**

Walter Sachs, Staff Director  
Contracted Client Services  
(850) 921-8983

**Estimated Corrective  
Action Date**

N/A

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding Number** FA 06-058  
**CFDA Number** 93.659  
**Program Title** Adoption Assistance  
**Compliance Requirement** Activities Allowed and Unallowed and Eligibility  
**State Agency** Florida Department of Children and Family Services (FDCFS)  
**Federal Grant/Contract Number and Grant Year** Various (See Condition)  
**Finding Type** Material Noncompliance and Reportable Condition  
 Questioned Costs – \$47,741.87 (Federal Share \$27,927.88)

**Prior Year Finding** Report No. 2006-152, Finding No. FA 05-071

**Finding** FDCFS made payments on behalf of children for which Adoption Assistance eligibility was not properly documented and did not ensure that subsidy amounts paid were correct.

**Criteria** 42 USC 673, Adoption assistance program

**Condition** FDCFS has responsibility for determining Adoption Assistance eligibility. Community-Based Care agencies (CBCs) provide documentation, and in some instances, maintain the case files supporting eligibility. 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 \$47,741.87 without proper documentation of eligibility. Specifically, we noted:

- In two instances, FDCFS could not provide documentation that indicated that the child had special needs.
- In one instance, FDCFS could not provide the initial adoption agreement.

Instances noted above pertained to the following grant awards:

Federal Grant Award Number	Federal Share
0001FL1407	\$574.51
0101FL1407	\$1,936.40
0201FL1407	\$1,997.62
0301FL1407	\$4,624.04
0401FL1407	\$7,298.72
0501FL1407	\$7,389.01
0601FL1407	\$4,107.58

Additionally, we noted one case where FDCFS paid a subsidy amount that did not agree with the amount stipulated in the adoption agreement, resulting in an underpayment totaling \$27 (Grant 0601FL1407).

**Cause** FDCFS districts and CBCs failed to follow FDCFS policies and Federal regulations regarding documenting eligibility determinations and ensuring that subsidy amounts paid were in accordance with the adoption agreements.

**Effect** Adoption Assistance Program funds were used to pay benefits for children that had not been documented as eligible to receive Program services. Additionally, incorrect subsidy amounts were paid to adoptive parents.

<b>Recommendation</b>	We recommend that FDCFS take appropriate action, including monitoring CBC case files, 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. FDCFS should determine whether improper payments were also made in relation to the above-noted cases after June 30, 2006.
<b>State Agency Response and Corrective Action Plan</b>	<p>Zones, districts and Community Based Care agencies with case management and licensing responsibilities have been asked to:</p> <ul style="list-style-type: none"><li>- develop local corrective action plans that identify how each error type will be addressed, action steps to be taken to prevent future errors of the same type and generally ensure that Title IV-E funding is only expended for eligible children in eligible placements;</li><li>- make prior fiscal year adjustments for all improper payments and submit documentation of such adjustments to central office.</li></ul> <p>The Family Safety Program Office will process and track prior year adjustments of improper payments and submit documentation to the Office of Revenue Management for making adjustments to the Title IV-E grant awards.</p> <p>The Family Safety Program Office will continue to provide technical assistance and training to local areas via regular conference calls and on-site training, upon request by the local agency.</p> <p>The Office of Quality Assurance will continue with the 3 Tier Review process which includes a review of the Title IV-E adoption assistance requirements.</p>
<b>Agency Contact and Telephone Number</b>	Mukweso Mwnene (850) 922-0510
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-059</b>
<b>CFDA Number</b>	<b>93.667</b>
<b>Program Title</b>	<b>Social Services Block Grant (SSBG)</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Juvenile Justice (FDJJ)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	N/A
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$453,913
<b>Finding</b>	FDJJ procedures did not ensure that SSBG funds were used only for allowable costs.
<b>Criteria</b>	42 USC 1397d.(a)(1) and (2), <i>Limitation on use of grants</i> ; State of Florida Department of Children and Family Services (FDCFS) Interagency Agreement
<b>Condition</b>	<p>FDJJ receives SSBG funds via an interagency agreement with FDCFS that specifies the services that may be provided to committed youth offenders. The SSBG funds are deposited in the FDJJ SSBG Trust Fund. We reviewed 25 SSBG expenditure transactions at FDJJ and noted:</p> <ul style="list-style-type: none"> <li>• One expenditure for \$453,913 was for the interest portion of a debt service payment for a residential treatment facility. The principal portion of the payment was made from State General Revenue funds. The interagency agreement with FDCFS does not list debt service payments as allowable SSBG costs.</li> <li>• One expenditure for \$60,081.10 was for the repair and replacement of permanent cell doors at a privately operated facility at which SSBG services were performed pursuant to an FDJJ contract. Federal regulations prohibit the use of SSBG funds for the permanent improvement of any building or other facility. Prior to the expenditure, FDJJ amended the provider's contract to add language authorizing the repair of interior and exterior doors at the provider's expense to be paid for by FDJJ and deducted from future provider invoices. Pursuant to the amendment, FDJJ provided \$200,000 for the doors; however, the interagency agreement with FDCFS does not list loans to providers as an allowable use for SSBG funds.</li> </ul>
<b>Cause</b>	<p>FDJJ staff coded the debt service payment to the SSBG Trust Fund in error.</p> <p>According to FDJJ staff, the contract with the private provider is funded with both SSBG and General Revenue. It was FDJJ's intent that General Revenue funds would be utilized for the repair and replacement of interior and exterior doors. The provider reimbursed FDJJ for the SSBG funds during the 2005-06 fiscal year.</p>
<b>Effect</b>	<p>Absent effective procedures, FDJJ cannot ensure that SSBG funds are expended only for allowable costs.</p> <p>While the costs of repairing and replacing the cell doors was recouped from the provider during the audit period, SSBG funds were, in effect, used as a loan to the provider for facility improvements.</p>
<b>Recommendation</b>	We recommend that FDJJ enhance preaudit and payment approval procedures to ensure that expenditures are properly coded and that SSBG funds are used only to fund allowable costs.

<b>State Agency Response and Corrective Action Plan</b>	<p>DJJ recognizes that the debt service expenditure should not have been charged to SSBG funds as it is defined as unallowable per the interagency agreement with FDCFS. The payment was coded in error. In addition, DJJ acknowledges that repair and maintenance costs, also unallowable per the interagency agreement, should not have been charged to SSBG. While the money was eventually recouped from the vendor on subsequent invoices for the repairs completed, the repair costs should have been paid from other funding sources and not SSBG.</p> <p>In an effort to improve the preaudit and payment of expenditures from SSBG, DJJ will educate all F&amp;A staff reviewing invoices on the unallowable expenditure types for SSBG funds. Any invoices coded to SSBG for expenditures outlined as unallowable will be edited to correct the funding. Notification of such changes will be coordinated with the fiscal liaison for the program or budget office submitting invoice. In addition, all invoices for contracts funded by SSBG will be reviewed to ensure that the payment is adjusted so that repair and maintenance costs are not paid from SSBG funds but from other funding sources for that contract. If the only funding source is SSBG, the invoice will be returned to the contract manager for correction and resubmission.</p> <p>In order to monitor expenditures made from SSBG, an expenditure detail report for payments made from SSBG will be reviewed to check for allowable vs. unallowable expenditures. For all expenditures other than contractual services, the report will be run and reviewed monthly. Contract expenditures will be reviewed on a biweekly basis. If by some chance an unallowable expenditure does occur from SSBG, a correction will be done immediately to move the expenditure to an appropriate fund. In addition, the person responsible for coding the payment will also be contacted to remind them of proper procedure.</p>
<b>Agency Contact and Telephone Number</b>	<p>Jane McElroy, Director of Administrative Services (850) 921-0803</p> <p>Beth Davis, Bureau Chief, Finance and Accounting (850) 921-2045</p>
<b>Estimated Corrective Action Date</b>	<p>March 1, 2007</p>

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-060</b>
<b>CFDA Number</b>	<b>93.767</b>
<b>Program Title</b>	<b>State Children's Insurance Program (SCHIP)</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5021 FFY 05
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$348.75
<b>Finding</b>	FDOH procedures were not adequate to ensure that Children's Medical Services (CMS) payments were accurate and adequately supported.
<b>Criteria</b>	2 CFR 225, Appendix A, Section C, <i>Basic Guidelines</i>
<b>Condition</b>	<p>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. Providers of CMS services are generally paid based on Medicaid reimbursement rates established by FAHCA. Medicaid reimbursement rates are generally at significant discount from the provider's customary and usual billing rates. FDOH developed a Case Management Data System (CMDS) which includes a table of Medicaid reimbursement rates by fee code number. In those instances where rates are not available in the CMDS, such as when services are not covered by Medicaid or the facility is not a Medicaid provider, rates are based on negotiation.</p> <p>We tested 40 expenditure transactions, 24 of which related to CMS payments. In regards to the CMS payments, we noted two instances in which providers were paid at rates other than the Medicaid reimbursement rate. In one instance, the payment, and a related rate increase, exceeded the Medicaid reimbursement rate and the amount invoiced by the provider by a total of \$213.04. In another instance, FDOH was unable to determine how the rate was calculated. The amount of the payment was \$135.71.</p> <p>In addition, one transaction tested was for a payment in which the billing hospital did not have an established Medicaid rate. Payment was made based on a verbally negotiated rate reduction; however, documentation was not available to support the negotiated rate. Written documentation should be retained to allow for consistent and accurate payments.</p>
<b>Cause</b>	CMDS is complex, which increases the risk of human error. In addition, FDOH procedures were not sufficient to ensure written documentation was maintained for any negotiated rates.
<b>Effect</b>	Payments for medical services were inaccurately paid or inadequately supported.
<b>Recommendation</b>	We recommend that FDOH CMS enhance procedures to ensure that payments are accurate and adequately supported. Written documentation should be maintained to support the rate paid.
<b>State Agency Response and Corrective Action Plan</b>	Concur. DOH CMS will develop and disseminate policies and procedures that will establish protocols to be followed in negotiating payment rates for non-Medicaid services and for circumstances when payments are made in excess of the established Medicaid rate.
<b>Agency Contact and Telephone Number</b>	Randy Wilcox, CMS Network Administration (850) 245-4219
<b>Estimated Corrective Action Date</b>	July 1, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-061</b>
<b>CFDA Number</b>	<b>93.767</b>
<b>Program Title</b>	<b>State Children's Insurance Program (SCHIP)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5021 FFY 05
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-073
<b>Finding</b>	FDOH had not fully resolved issues noted during the prior audit regarding capitated payments charged to SCHIP.
<b>Criteria</b>	2 CFR 225, Appendix A, Section C, <i>Basic Guidelines</i> - In determining reasonableness of a given cost, consideration shall be given to whether the transaction represents arms-length bargaining.
<b>Condition</b>	FDOH receives SCHIP funds through a capitation agreement with the Florida Agency for Health Care Administration (FAHCA), whereby FAHCA pays FDOH a fixed monthly rate per client enrolled in the Children's Medical Services (CMS) component of SCHIP. During prior audits, we reported that FDOH received SCHIP funds that exceeded FDOH costs and had accumulated a large cash balance (residual). Our current review of FDOH SCHIP activity disclosed that during the fiscal year ended June 30, 2006, capitated revenues exceeded expenditures by \$4.7 million. Based on an analysis prepared by FDOH, the cash balance for the SCHIP capitation account was \$13.9 million as of June 30, 2006. We also noted that the capitation rate was increased nine percent effective July 1, 2006.
<b>Cause</b>	FDOH staff indicated the increase in cash balance was due to several factors such as client counts increasing at a rate greater than the related costs.
<b>Effect</b>	FDOH accumulated a significant cash balance due to capitation rates exceeding actual costs.
<b>Recommendation</b>	We recommend that FDOH closely monitor the relationship between expenditures and the capitation rates to prevent the accumulation of excess SCHIP funds. In addition, capitation rates should be adjusted to prevent the accumulation of excessive SCHIP funds.
<b>State Agency Response and Corrective Action Plan</b>	Concur. FDOH CMS will continue to monitor the relationship between expenditures and capitation rates.
<b>Agency Contact and Telephone Number</b>	Randy Wilcox, CMS Network Administration (850) 245-4219
<b>Estimated Corrective Action Date</b>	January 30, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-062</b>
<b>CFDA Number</b>	<b>93.767</b>
<b>Program Title</b>	<b>State Children's Insurance Program (SCHIP)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Agency for Health Care Administration (FAHCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5021 FFY 05
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FAHCA's procedures were not adequate to ensure that subrecipient audit reports were satisfactorily reviewed and that appropriate and timely corrective actions were taken.
<b>Criteria</b>	OMB Circular A-133, Subpart D, Sections .400(d) and .405, <i>Pass-through entity responsibilities</i>
<b>Condition</b>	The Florida Healthy Kids Corporation (FHKC) is the primary provider of SCHIP services. FAHCA subgranted FHKC \$145 million in SCHIP funds during the 2005-06 fiscal year. FHKC responsibilities include eligibility determinations, collection of premiums, contracting with authorized insurers, and the development of benefit packages. The independent auditor's report of FHKC for the fiscal year ended June 30, 2005, included findings regarding client eligibility and estimated questioned costs of \$4,680,731 for SCHIP. FAHCA did not issue a management decision on the audit findings.
<b>Cause</b>	While FAHCA personnel completed a Financial and Compliance Audit Checklist for the audit report, the review failed to identify the noncompliance noted in the report.
<b>Effect</b>	Appropriate and timely corrective actions may not be taken to resolve the questioned costs or the deficiencies identified by the independent auditors.
<b>Recommendation</b>	We recommend that FAHCA ensure that audit reports are reviewed in sufficient detail to detect findings that may be included therein. Additionally, FAHCA should timely issue management decisions that clearly state whether the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action as required.
<b>State Agency Response and Corrective Action Plan</b>	<p>The Financial and Compliance Audit Checklist completed by Agency staff on October 11, 2005, includes comments regarding the three reportable conditions relating to eligibility and family premiums and concludes that the audit's recommendations and Florida Healthy Kids Corporation's response are appropriate and no further action is required. The audit report findings included questioned costs of \$4,680,731 in Federal funding and \$1,890,561 in state funding. These figures were calculated based on a review of the family monthly premium rate of 306 accounts and extrapolating the 3.9% error rate to the entire Title XXI enrollment.</p> <p>The audit report included a response from Florida Healthy Kids Corporation. The Corporation stated their staff will enhance monitoring of the third party administrator's performance related to data input and calculation errors. The Corporation stated they had already required the third party administrator to implement additional training efforts and internal monitoring tools to reduce the error rate. Additionally, the Corporation stated they will continue to refine the tools utilized for its monitoring of the third party administrator.</p> <p>The Corporation's contract with their third party administrator requires an eligibility accuracy rate of 95%. Since the audit findings represented a 96.1% accuracy</p>

rate, it was not necessary or appropriate for the Corporation to request corrective action of its third party administrator, and therefore, not appropriate for the Agency to request corrective action of Florida Healthy Kids Corporation. Without the Centers for Medicare and Medicaid Services establishing a national eligibility accuracy standard, a 95% accuracy rate seems to be a reasonable standard. To the extent that the Corporation is out of compliance with contractual standards, we will take appropriate action to ensure that the Corporation comes into compliance.

**Agency Contact and Telephone Number**

Gail Hansen, Program Administrator, Bureau of Medicaid Services  
(850) 922-7890

**Estimated Corrective Action Date**

N/A

**Auditor's Remarks**

Pursuant to OMB Circular A-133 § \_\_.400(d)(5), FAHCA is required to issue management decisions on all subrecipient audit reports containing audit findings. As indicated in the above finding, FAHCA did not issue a management decision regarding the findings contained in the Florida Healthy Kids Corporation audit report. As the audit report did identify instances of noncompliance, FAHCA should issue a management decision including the rationale for its decisions regarding corrective actions and addressing whether the repayment of questioned costs pertaining to specifically identified ineligible children is required.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-063</b>
<b>CFDA Number</b>	<b>93.778, 93.777, 93.776, 93.775</b>
<b>Program Title</b>	<b>Medicaid Cluster</b>
<b>Compliance Requirement</b>	Allowable Costs/Costs Principles
<b>State Agency</b>	<b>Florida Agency for Health Care Administration (FAHCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0605FL5048
<b>Finding Type</b>	Questioned Costs – \$355,688 (Federal Share \$266,766)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-050
<b>Finding</b>	In some instances, FAHCA did not obtain payroll certifications for employees working full-time on the Medicaid program.
<b>Criteria</b>	2 CFR 225, Appendix B, Section 8.h.(3), <i>Support of Salaries and Wages</i>
<b>Condition</b>	We tested 17 salary-related expenditures to determine whether payroll certifications were obtained. All of the salary payments were for employees who indicated they worked 100 percent of their time on the Medicaid Program; therefore, payroll certifications should have been obtained. We noted that a periodic payroll certification was not available for one employee. The salary paid to this employee during the certification period ended March 31, 2006, totaled \$53,391. FAHCA personnel indicated that payroll certifications were not obtained for this employee or other employees whose salaries were charged to one Medicaid-related Other Cost Accumulator (OCA). Salary payments for this OCA for the certification period ended March 31, 2006, totaled \$355,688.
<b>Cause</b>	FAHCA personnel indicated that certifications for employees whose salaries were charged to the OCA were not obtained due to an oversight.
<b>Effect</b>	Absent the required periodic certifications, FAHCA had not fully substantiated the allowability of the salary costs charged to the Medicaid Program.
<b>Recommendation</b>	We recommend that FAHCA ensure that periodic payroll certifications are completed for all applicable OCAs.
<b>State Agency Response and Corrective Action Plan</b>	We concur that the position certifications for staff charging OCA code DSM06 were not obtained due to an oversight. However, as indicated above, the employees worked 100 percent of their time on the Medicaid Program; therefore, the amount reported as the Federal share was appropriate. Internal procedures require a review of the OCA codes listed in the position certification program. Staff will be directed to review the position certification program more closely to avoid future omission of OCA codes. Additionally, program staff are requested to identify any positions not on the certification list that are funded by a Federal grant. We will continue to include these instructions in the transmittal letters for the position certifications.
<b>Agency Contact and Telephone Number</b>	Paula Shirley, Senior Mgmt. Analyst Supervisor, Bureau of Finance & Accounting (850) 922-8452
<b>Estimated Corrective Action Date</b>	The OCA code was added to the position certification program in September 2006 and included in the position certifications sent out in October 2006.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-064</b>
<b>CFDA Number</b>	<b>93.778, 93.777, 93.776, 93.775</b>
<b>Program Title</b>	<b>Medicaid Cluster</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Children and Family Services (FDCFS)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5028; 05-0605FL5028
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$2,491.45 (Federal Share \$1,472.54; Federal Grant No. 05-0505FL5028 \$112.13; Federal Grant No. 05-0605FL5028 \$1,360.41)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-051
<b>Finding</b>	In some instances, FDCFS was unable to provide sufficient documentation to support the eligibility determinations.
<b>Criteria</b>	42 CFR 435.913 - Case Documentation; 42 CFR 435.916 – Periodic Redeterminations of Medicaid Eligibility; 42 CFR 435.907 - Written Application
<b>Condition</b>	We reviewed 20 case records for individuals receiving Medicaid services to determine whether the records demonstrated that the clients met the eligibility criteria for the Program. (Eligibility for Medicaid services by virtue of a client's participation in another Federal program, such as, Temporary Assistance for Needy Families and Supplemental Security Income, was not examined in this test.) Our tests disclosed that Medicaid services totaling \$2,390.86 were provided to two individuals; however, FDCFS was unable to provide the case file including the Request for Assistance (RFA) for one of the individuals and the RFA for the other. While the State's data system (FLORIDA) provided information relative to the client's eligibility, the RFA provides an attestation as to the validity of the information reported and provides a means of verifying the information entered into the system. Additionally, we noted one instance where FDCFS had received updated income information from the client but failed to record the information in the FLORIDA System. Based on the updated information, the client was ineligible to receive \$100.59 in Medicaid services.
<b>Cause</b>	FDCFS staff stated that due to the document imaging process, the one case file was not available. The specific causes for the other instances are not apparent based on our review of FDCFS records or discussions with FDCFS staff.
<b>Effect</b>	FDCFS was unable to fully document the clients' Medicaid eligibility for the cases reviewed. In addition, an ineligible client was provided Medicaid services.
<b>Recommendation</b>	We recommend that FDCFS improve its procedures to ensure that the eligibility of individuals to receive Medicaid services is documented and that such documentation is readily available. We also recommend that FDCFS process updates concerning clients income in a timely manner.
<b>State Agency Response and Corrective Action Plan</b>	The two cases in which a Request for Assistance (RFA) could not be provided was the result of the Department conversion from paper documents to electronic documents. The most recent paper documents in case records had been sent to off site electronic document scanning locations and were not readily available for the audit.  Corrective Action 1 and 2: The Department completed scanning of paper documents on 12/31/06. Completion of this project will ensure the availability of case documentation via statewide document imaging technology for future audits.

The Department will improve in the one instance of failure to record updated income information on the FLORIDA system for Medicaid eligibility with the process discussed above. As new documents (such as verification of income documents) are received in the office and are scanned, staff receive an alert that information has been received for a specific case and is ready for processing. This will ensure the information is readily available to be processed into the FLORIDA system.

**Agency Contact and  
Telephone Number**

Debbie Owens  
(850) 921-5570

Corrective Action 1 & 2

**Estimated Corrective  
Action Date**

Corrective Action 1 & 2: Implemented December 31, 2006

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-065</b>
<b>CFDA Number</b>	<b>93.778, 93.777, 93.776, 93.775</b>
<b>Program Title</b>	<b>Medicaid Cluster</b>
<b>Compliance Requirement</b>	Reporting
<b>State Agency</b>	<b>Florida Agency for Health Care Administration (FAHCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5028; 05-0605FL5028
<b>Finding Type</b>	Reportable Condition
<b>Prior Audit Finding</b>	Report No. 2006-152, Finding No. FA 05-052
<b>Finding</b>	The amounts reported by FAHCA staff on the Drug Rebate Schedule of the CMS 64 report (CMS 64.9R) as of June 30, 2006, were overstated.
<b>Criteria</b>	42 CFR 431.16 - Reports
<b>Condition</b>	<p>Beginning April 27, 2005, FAHCA contracted with a private entity to manage its drug rebate program. Contracted activities include preparing drug rebate invoices, participating in dispute resolution, and providing data for the CMS 64.9R report. The contractor's system became operational during the quarter ended December 31, 2005. The CMS 64.9R report for that quarter adjusted the amount of drug rebate claims over one year old (i.e., column E) by \$58.6 million. Contractor staff indicated that some of the increase in receivables was related to enhancements in their system; however, in some instances, the increases were overstated due to changes in the rebate measurement unit (e.g., milligram versus gram). Subsequent to audit inquiry, contractor staff indicated they had identified \$19.9 million in related overcharges on 168 invoices. The contractor stated an adjustment would be included in the CMS 64.9R for the quarter ended March 31, 2007.</p> <p>The amount of reported drug rebate claims over one year old as of June 30, 2006, was \$118 million, or 56 percent of the total receivable balance. This represents an increase of 164 percent over the amount of claims over one year old as of June 30, 2005. FAHCA's Summary Schedule of Prior Audit Findings, indicated that finding No. FA 05-052 was fully corrected by virtue of contracting with the private entity. While drug rebate collections under the contracted agreement have improved, the increase in claims over one year old indicates a need for continued efforts to resolve outstanding claims.</p>
<b>Cause</b>	The overstatement of drug rebates receivable was due to conversion problems related to units of measure for drug rebates. While the contractor has implemented controls to identify and pursue the collection of delinquent accounts, the large volume of records involved resulted in delays.
<b>Effect</b>	Drug rebate receivables are overstated on the CMS 64.9R report.
<b>Recommendation</b>	We recommend that FAHCA ensure that the identification of overcharges is completed timely and that subsequent reports are adjusted accordingly. FAHCA should also continue its efforts to resolve disputed rebate claims on a timely basis.
<b>State Agency Response and Corrective Action Plan</b>	Correction of invoices back to 1991 and improved accuracy of rebate invoicing processes have been implemented through contracting of this function. Adjustments identified by the vendor will be made and reported in the CMS 64.9R for the quarter ended March 31, 2007.
<b>Agency Contact and Telephone Number</b>	Jerry Wells, Chief of Pharmacy (850) 487-1447
<b>Estimated Corrective Action Date</b>	Upon submission of the CMS 64 report for the quarter ended March 31, 2007.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-066</b>
<b>CFDA Number</b>	<b>93.778, 93.777, 93.776, 93.775</b>
<b>Program Title</b>	<b>Medicaid Cluster</b>
<b>Compliance Requirement</b>	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits
<b>State Agency</b>	<b>Florida Agency for Health Care Administration (FAHCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	05-0505FL5028; 05-0605FL5028
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-053
<b>Finding</b>	FAHCA did not review and release certain audits of Intermediate Care Facilities for the Developmentally Disabled (ICF-DD) cost reports on a timely basis. Additionally, FAHCA had not resolved issues relating to facilities for which the independent auditors disclaimed an opinion on the audit.
<b>Criteria</b>	42 CFR 447.253(g) - Audit requirements for inpatient hospitals and long-term care facilities
<b>Condition</b>	<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 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>In audit report No. 2006-152, finding No. FA 05-053, we reported that, as of January 27, 2006, only 3 of the 62 audits planned for the 2003-04 and 2004-05 fiscal years had been reviewed and none had been released. Additionally, we noted that independent auditors had issued disclaimers for 10 of the 2004-05 assigned audits. Our current review disclosed that as of June 30, 2006, FAHCA personnel had not released any 2003-04 or 2004-05 assigned audits. Additionally, FAHCA staff indicated that during the 2005-06 fiscal year, the disclaimer audits (9 for 2003-04 and 10 for 2004-05) were reassigned to FAHCA staff who were also unable to complete the audits and that the matter has now been referred to AHCA's legal staff and Medicaid management team for resolution.</p> <p>Between July 1, 2006, and October 11, 2006, FAHCA staff released 5 of the audits assigned for the 2003-04 and 2004-05 fiscal years. As of October 11, 2006, 35 of the audits assigned for the 2003-04 and 2004-05 fiscal years were in the review process and 19 audits with disclaimers were pending resolution. Three of the 62 planned audits were canceled because the facilities were no longer receiving Medicaid funding.</p>
<b>Cause</b>	FAHCA staff indicated that the review process was delayed due to limitations in the number of staff.
<b>Effect</b>	Failure to review the audit reports in a timely manner delays any efforts to resolve matters regarding any unallowable costs and to identify and apply rate adjustments.
<b>Recommendation</b>	We recommend that FAHCA devote the necessary efforts to complete the review and release of the 2003-04 and 2004-05 fiscal year audit reports and resolve the issues involving the facilities with audit disclaimers.

<b>State Agency Response and Corrective Action Plan</b>	FAHCA staff will continue the review process for the audits of Intermediate Care Facilities for the Developmentally Disabled and resolve the issues involving the facilities with audit disclaimers.
<b>Agency Contact and Telephone Number</b>	Phil Williams, Chief of Medicaid Program Analysis (850) 414-2756
<b>Estimated Corrective Action Date</b>	March 31, 2008



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-067</b>
<b>CFDA Number</b>	93.917
<b>Program Title</b>	<b>HIV Care Formula Grants</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	6 X07 HA 00057 2006 and 2 X07 HA 00057 2007
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, Material Weakness, and Reportable Condition Questioned Costs – \$135,589.85
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-076
<b>Finding</b>	FDOH again did not consistently maintain adequate documentation of client eligibility.
<b>Criteria</b>	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
<b>Condition</b>	<p>During the 2005-06 fiscal year, FDOH expended \$80,811,843 in AIDS Drug Assistance Program (ADAP) funds to purchase drugs. We reviewed records for 40 clients receiving ADAP assistance that were enrolled or reenrolled in the Program during the 2005-06 fiscal year. For 18 of the 40 clients, FDOH did not have adequate documentation to support eligibility to receive ADAP benefits. These 18 clients received drug benefits estimated at \$135,589.85 during the 2005-06 fiscal year. Specifically:</p> <ul style="list-style-type: none"> <li>• For two clients, FDOH was unable to provide an enrollment form. The enrollment form is the primary documentation of the clients' income levels and asset amounts.</li> <li>• For seven clients, FDOH was unable to provide adequate income documentation, such as pay stubs or self-declaration forms.</li> <li>• For ten clients (1 of which was included above for lack of income documentation), FDOH could not document that assets were less than \$25,000.</li> <li>• For one client (who was included above for lack of income documentation), FDOH could not provide documentation that the client was HIV positive.</li> </ul>
<b>Cause</b>	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.
<b>Effect</b>	Drugs were issued to clients who may not have met eligibility requirements.
<b>Recommendation</b>	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 any clients determined to be ineligible.
<b>State Agency Response and Corrective Action Plan</b>	The Patient Care Section is providing statewide training to all eligibility staff, including ADAP staff, concerning the recently adopted HIV Patient Care client eligibility rule. The rule streamlines and simplifies the core eligibility process. Many of the deficiencies noted in the audit will be impacted by the administrative rule. The rule governs all core eligibility criteria, including financial, HIV status, and defines household for all Patient Care programs.

1. Intense statewide training is underway and will last through the month of February. The bureau will train all eligibility staff.
2. Staff developed a comprehensive eligibility procedures manual concurrently with the rule. The bureau will reference the manual in its training and distribute a copy to all eligibility staff. The manual is very thorough and covers, in detail, each facet of core eligibility for all HIV Patient Care programs. A copy will be provided upon request.
3. Staff convene periodic statewide ADAP conference calls, the most recent on February 7, 2007. The next call is scheduled for May 17, 2007. Eligibility and documentation concerns are discussed on these calls.
4. A statewide ADAP Conference is planned for August 13-15, 2007. This is an additional opportunity to discuss eligibility and documentation concerns.

**Agency Contact and  
Telephone Number**

Russell Eggert, Division of Disease Control - HIV/AIDS  
(850) 245-4318

**Estimated Corrective  
Action Date**

Beginning July 2006 and ongoing

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-068</b>
<b>CFDA Number</b>	93.917
<b>Program Title</b>	<b>HIV Care Formula Grants</b>
<b>Compliance Requirement</b>	Eligibility
<b>State Agency</b>	<b>Florida Department of Health (FDOH)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	6 X07 HA 00057 2006 and 2 X07 HA 00057 2007
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-077
<b>Finding</b>	AIDS Drug Assistance Program (ADAP) Database controls were not sufficient to prevent the distribution of drugs to clients whose eligibility expired.
<b>Criteria</b>	FDOH ADAP Program Manual requires clients to be reenrolled every six months.
<b>Condition</b>	<p>FDOH had not implemented automated controls to prevent the distribution of drugs to individuals whose eligibility periods had expired. Of the 11,398 clients included in the ADAP database as of June 30, 2006, 950 (8 percent) had enrollment or reenrollment dates prior to January 1, 2005 (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 were working to institute automatic closings. In addition, FDOH personnel indicated that as of October 20, 2006, only 31 of the 950 cases identified remained open.</p>
<b>Cause</b>	County health department staff did not always ensure that cases were closed when clients did not reenroll every six months. Additionally, appropriate system edits were not in place to prevent the distribution of drugs to clients whose eligibility had expired.
<b>Effect</b>	Our review of the drug distribution history for 11 of the 950 clients disclosed no instances where drugs were distributed after the client's eligibility had expired. However, absent appropriate controls, clients may receive ADAP assistance without properly being determined eligible for that assistance.
<b>Recommendation</b>	We recommend that FDOH ensure that the indicated automated controls are implemented. Additionally, we recommend that FDOH continue monitoring 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.
<b>State Agency Response and Corrective Action Plan</b>	<p>The AIDS Drug Assistance Program is implementing a number of system controls for the ADAP database. These controls will ensure that eligibility staff takes prompt actions to reenroll clients. The program is adding an alert system to advise staff when a client is reaching his/her due date for reenrollment. The program is adding laboratory and prescription alerts, locks, and automatic closure of client files when the client's eligibility has expired.</p> <ol style="list-style-type: none"> <li>1. ADAP staff reviews and generates monthly reports to identify clients who are overdue for labs or re-enrollment. Each month, staff send out notices to the local county health departments, informing them of the clients who are in overdue status.</li> <li>2. Two database changes have been made and implemented to reinforce program compliance for eligible clients regarding labs and prescription information. Staff explained these changes via conference call and memoranda.</li> </ol>

3. The ADAP Data Management System will have an alert feature installed to alert program staff on the number of records, and the specific clients, who need new/current labs.

4. The ADAP is installing an "automatic closure" function in its data management system. This function will provide warnings to counties regarding clients who are overdue for re-enrollment. The warning will serve as a trigger to county health department (CHD) staff to re-determine eligibility for the client. After a record is 120 days past due for re-enrollment, the mechanism will then assign a "closed" status to the record. This feature will not disenroll a client from the ADAP program, but it will prevent CHD staff from being able to dispense medication from the ADAP to such clients until the appropriate eligibility re-determination and re-enrollment process is conducted.

5. The ADAP will integrate the use of the Prescription Drug Authorization (PDA) form in its Program's Policy and Procedures Manual. The use of PDAs will also be reinforced in the ADAP Trainings.

**Agency Contact and  
Telephone Number**

Russell Eggert, Division of Disease Control - HIV/AIDS  
(850) 245-4318

**Estimated Corrective  
Action Date**

Beginning October 2006 and ongoing

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**U.S. DEPARTMENT OF HOMELAND SECURITY**

<b>Finding Number</b>	<b>FA 06-069</b>																																																												
<b>CFDA Number</b>	<b>Various (See Condition)</b>																																																												
<b>Program Title</b>	<b>Various (See Condition)</b>																																																												
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles																																																												
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>																																																												
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)																																																												
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$95,904.07 (CFDA No. 97.036, \$52,999.18; CFDA 97.039, \$25,318.68; and CFDA No. 97.042, \$17,586.21)																																																												
<b>Finding</b>	FDCA did not have procedures in place to ensure that correct indirect cost rates were used in calculating indirect costs charged to Federal grants.																																																												
<b>Criteria</b>	2 CFR 225, Appendix E, Section A.3, <i>State and Local Indirect Cost Rate Proposals General Provisions</i>																																																												
<b>Condition</b>	<p>FDCA had an approved indirect cost rate of 29.11 percent for the 2005-06 fiscal year. The indirect cost rate was comprised of a Departmental rate of 27.89 percent and a Statewide rate of 1.22 percent. In applying indirect cost rates to Federal programs, FDCA erroneously charged some grants a Departmental rate of 29.11 percent, in addition to the Statewide rate of 1.22 percent. Additionally, incorrect rates were applied for other grants. The errors in applying indirect cost rates resulted in over(under) charges to the following Federal programs:</p> <ul style="list-style-type: none"> <li>• 97.004 and 97.067 Homeland Security Cluster – (\$77,848.65) for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>2004-GE-T40010</td> <td>(\$42,065.17)</td> <td>2005-GE-T5-0035</td> <td>(\$35,783.48)</td> </tr> </table> </li> <li>• 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) - \$52,999.18 for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>FEMA-1300-DR-FL</td> <td>\$133.28</td> <td>FEMA-1306-DR-FL</td> <td>\$708.03</td> </tr> <tr> <td>FEMA-1344-DR-FL</td> <td>\$507.41</td> <td>FEMA-1345-DR-FL</td> <td>\$1,525.97</td> </tr> <tr> <td>FEMA-1381-DR-FL</td> <td>\$328.92</td> <td>FEMA-1393-DR-FL</td> <td>\$351.70</td> </tr> <tr> <td>FEMA-1481-DR-FL</td> <td>\$346.35</td> <td>FEMA-1539-DR-FL</td> <td>\$9,256.67</td> </tr> <tr> <td>FEMA-1545-DR-FL</td> <td>\$9,297.68</td> <td>FEMA-1551-DR-FL</td> <td>\$8,610.47</td> </tr> <tr> <td>FEMA-1561-DR-FL</td> <td>\$9,222.56</td> <td>FEMA-1595-DR-FL</td> <td>\$3,266.12</td> </tr> <tr> <td>FEMA-1602-DR-FL</td> <td>\$1,376.21</td> <td>FEMA-1609-DR-FL</td> <td>\$5,793.39</td> </tr> <tr> <td>FEMA-3220-EM-FL</td> <td>\$2,077.58</td> <td>FEMA-3259-EM-FL</td> <td>\$196.84</td> </tr> </table> </li> <li>• 97.039 Hazard Mitigation Grant - \$25,318.68 for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>FEMA-1249-DR-FL</td> <td>\$1,935.49</td> <td>FEMA-1345-DR-FL</td> <td>\$2,729.13</td> </tr> <tr> <td>FEMA-1359-DR-FL</td> <td>\$89.05</td> <td>FEMA-1381-DR-FL</td> <td>\$1,224.64</td> </tr> <tr> <td>FEMA-1393-DR-FL</td> <td>\$1,051.37</td> <td>FEMA-1460-DR-FL</td> <td>\$376.23</td> </tr> <tr> <td>FEMA-1481-DR-FL</td> <td>\$431.36</td> <td>FEMA-1539-DR-FL</td> <td>\$4,435.25</td> </tr> <tr> <td>FEMA-1545-DR-FL</td> <td>\$4,476.49</td> <td>FEMA-1551-DR-FL</td> <td>\$4,371.61</td> </tr> <tr> <td>FEMA-1561-DR-FL</td> <td>\$4,198.06</td> <td></td> <td></td> </tr> </table> </li> <li>• 97.042 Emergency Management Performance Grants (Federal Grant No. 2006-EM-E6-0049) - \$17,586.21</li> </ul>	2004-GE-T40010	(\$42,065.17)	2005-GE-T5-0035	(\$35,783.48)	FEMA-1300-DR-FL	\$133.28	FEMA-1306-DR-FL	\$708.03	FEMA-1344-DR-FL	\$507.41	FEMA-1345-DR-FL	\$1,525.97	FEMA-1381-DR-FL	\$328.92	FEMA-1393-DR-FL	\$351.70	FEMA-1481-DR-FL	\$346.35	FEMA-1539-DR-FL	\$9,256.67	FEMA-1545-DR-FL	\$9,297.68	FEMA-1551-DR-FL	\$8,610.47	FEMA-1561-DR-FL	\$9,222.56	FEMA-1595-DR-FL	\$3,266.12	FEMA-1602-DR-FL	\$1,376.21	FEMA-1609-DR-FL	\$5,793.39	FEMA-3220-EM-FL	\$2,077.58	FEMA-3259-EM-FL	\$196.84	FEMA-1249-DR-FL	\$1,935.49	FEMA-1345-DR-FL	\$2,729.13	FEMA-1359-DR-FL	\$89.05	FEMA-1381-DR-FL	\$1,224.64	FEMA-1393-DR-FL	\$1,051.37	FEMA-1460-DR-FL	\$376.23	FEMA-1481-DR-FL	\$431.36	FEMA-1539-DR-FL	\$4,435.25	FEMA-1545-DR-FL	\$4,476.49	FEMA-1551-DR-FL	\$4,371.61	FEMA-1561-DR-FL	\$4,198.06		
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<b>Cause</b>	FDCA's procedures did not require that FDCA staff verify that the correct indirect cost rates were assessed against the base amounts (i.e., salary costs).
<b>Effect</b>	The indirect costs charged to some Federal programs were incorrect.
<b>Recommendation</b>	Subsequent to audit inquiry, FDCA staff recalculated the indirect costs applying the correct indirect rates and made adjustments to correct the over and undercharges. However, we recommend that FDCA establish procedures to verify that rates used to calculate indirect costs are in accordance with the approved indirect cost rate agreements.
<b>State Agency Response and Corrective Action Plan</b>	The administrative assessment is applied cumulatively against the approved wage base for the applicable fiscal year. Inadvertently, the departmental rate was overstated by the 1.22%. It is our normal operating procedure to perform a final analysis of the indirect cost collections for all grants prior to grant closure. Even though the incorrect rate was applied, before final closure, the refund for the over collection would have been restored. It is important to note that prior year approved rates are applicable for some Federal grants. The current year approved rate is not automatically applied to all current year grant activity. We will continue to analyze all grants before year end and grant closure.
<b>Agency Contact and Telephone Number</b>	Karen Peyton (850) 922-1646
<b>Estimated Corrective Action Date</b>	Already corrected as of February 21, 2007

**U.S. DEPARTMENT OF HOMELAND SECURITY**

<b>Finding Number</b>	<b>FA 06-070</b>																																														
<b>CFDA Number</b>	<b>97.004, 97.067, 97.036, and 97.039</b>																																														
<b>Program Title</b>	<b>Homeland Security Cluster (HSC), Disaster Grants – Public Assistance (Presidentially Declared Disasters) and Hazard Mitigation Grant</b>																																														
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles																																														
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>																																														
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)																																														
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$102,458.40 (HSC, \$38,033.87; CFDA No. 97.036, \$33,083.73; CFDA No. 97.039, \$31,340.80)																																														
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-081																																														
<b>Finding</b>	FDCA charged payments for unused leave as direct costs to various Federal programs, contrary to Federal regulations.																																														
<b>Criteria</b>	2 CFR 225, Appendix B, Section 8.d., <i>Fringe benefits</i>																																														
<b>Condition</b>	<p>Pursuant to Section 110.219(7), Florida Statutes, each December a permanent career service employee shall be entitled, subject to available funds, to a payout of 24 hours of unused annual leave. However, no such employee shall receive a payout of greater than 240 hours, including any leave received at the time of separation. An official with the U.S. Office of Management and Budget advised us that these payments would generally be considered indirect costs.</p> <p>Our review disclosed that payments totaling \$102,458.40 for unused leave, including payments for unused leave of terminated employees and 24-hour leave payouts, were made during the 2005-06 fiscal year and charged as direct costs to Federal programs as follows:</p> <ul style="list-style-type: none"> <li>• 97.004 and 97.067 Homeland Security Cluster was charged \$38,033.87 for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>2005-GE-T5-0035</td> <td>\$25,941.55</td> </tr> <tr> <td>2004-GE-T4-0010</td> <td>\$8,714.17</td> </tr> <tr> <td>2003-TE-TX-0177</td> <td>\$3,378.15</td> </tr> </table> </li> <li>• 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) was charged \$33,083.73 for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>FEMA-1306-DR-FL</td> <td>\$2,027.14</td> <td>FEMA-1344-DR-FL</td> <td>\$1,541.01</td> </tr> <tr> <td>FEMA-1345-DR-FL</td> <td>\$1,852.53</td> <td>FEMA-1381-DR-FL</td> <td>\$1,541.01</td> </tr> <tr> <td>FEMA-1393-DR-FL</td> <td>\$1,541.01</td> <td>FEMA-1481-DR-FL</td> <td>\$1,541.01</td> </tr> <tr> <td>FEMA-1539-DR-FL</td> <td>\$1,849.20</td> <td>FEMA-1545-DR-FL</td> <td>\$1,849.20</td> </tr> <tr> <td>FEMA-1551-DR-FL</td> <td>\$14,482.63</td> <td>FEMA-1561-DR-FL</td> <td>\$1,849.20</td> </tr> <tr> <td>FEMA-1595-DR-FL</td> <td>\$3,009.79</td> <td></td> <td></td> </tr> </table> </li> <li>• 97.039 Hazard Mitigation Grant was charged \$31,340.80 for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>FEMA-1345-DR-FL</td> <td>\$9,519.97</td> <td>FEMA-1381-DR-FL</td> <td>\$2,827.76</td> </tr> <tr> <td>FEMA-1393-DR-FL</td> <td>\$2,956.03</td> <td>FEMA-1539-DR-FL</td> <td>\$3,184.29</td> </tr> <tr> <td>FEMA-1545-DR-FL</td> <td>\$2,677.93</td> <td>FEMA-1551-DR-FL</td> <td>\$6,686.06</td> </tr> <tr> <td>FEMA-1561-DR-FL</td> <td>\$2,677.95</td> <td>FEMA-1595-DR-FL</td> <td>\$810.81</td> </tr> </table> </li> </ul>	2005-GE-T5-0035	\$25,941.55	2004-GE-T4-0010	\$8,714.17	2003-TE-TX-0177	\$3,378.15	FEMA-1306-DR-FL	\$2,027.14	FEMA-1344-DR-FL	\$1,541.01	FEMA-1345-DR-FL	\$1,852.53	FEMA-1381-DR-FL	\$1,541.01	FEMA-1393-DR-FL	\$1,541.01	FEMA-1481-DR-FL	\$1,541.01	FEMA-1539-DR-FL	\$1,849.20	FEMA-1545-DR-FL	\$1,849.20	FEMA-1551-DR-FL	\$14,482.63	FEMA-1561-DR-FL	\$1,849.20	FEMA-1595-DR-FL	\$3,009.79			FEMA-1345-DR-FL	\$9,519.97	FEMA-1381-DR-FL	\$2,827.76	FEMA-1393-DR-FL	\$2,956.03	FEMA-1539-DR-FL	\$3,184.29	FEMA-1545-DR-FL	\$2,677.93	FEMA-1551-DR-FL	\$6,686.06	FEMA-1561-DR-FL	\$2,677.95	FEMA-1595-DR-FL	\$810.81
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<b>Cause</b>	FDCA did not establish procedures to identify and charge payments for unused leave to indirect costs instead of direct program costs.																																														



<b>Effect</b>	Federal program funds were used to pay expenses that should have been allocated to all FDCA activities.
<b>Recommendation</b>	We recommend that FDCA establish procedures to charge unused leave payments, including 24-hour leave payments, as a general administrative expense (indirect cost) allocable to all FDCA activities.
<b>State Agency Response and Corrective Action Plan</b>	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 prepare necessary budget requests to ensure that the appropriate budget authority is available, if needed, when leave payments are charged as a general administrative expense.
<b>Agency Contact and Telephone Number</b>	Mike Richardson, Assistant Secretary (850) 488-8466
<b>Estimated Corrective Action Date</b>	July 1, 2007
<b>Auditor's Remarks</b>	The criteria for this audit finding is 2 CFR 225, Appendix B, Section 8.d.(3), which provides that "when a governmental agency uses the cash basis of accounting, the cost of leave is recognized in the period the leave is taken and paid for. 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." Based on guidance provided by officials with the U.S. Office of Management and Budget and Florida's cognizant agency for audit, we have included finding Nos. FA 06-005, 06-021, 06-045, 06-046, and 06-070 for audit resolution.

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-071</b>
<b>CFDA Number</b>	<b>97.004, 97.067, 97.036, and 97.039</b>
<b>Program Title</b>	<b>Homeland Security Cluster (HSC), Disaster Grants – Public Assistance (Presidentially Declared Disasters) and Hazard Mitigation Grant (HMG)</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, and Earmarking and Reporting
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA) Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)
<b>Finding Type</b>	Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-086
<b>Finding</b>	Weaknesses existed in FDCA and FDEM procedures to prepare and review required reports for completeness and accuracy. FDEM did not accumulate and provide to FDCA actual local and global match portions of the recipient share outlays for HMG. Additionally, FDEM did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
<b>Criteria</b>	28 CFR 66.41(b); 44 CFR 13.20(b); 44 CFR 13.24(b)(6); 44 CFR 13.41(b); Section 13, Hazard Mitigation Grant Program Desk Reference
<b>Condition</b>	<p>FDCA prepares Financial Status Reports (FSR) using Florida Accounting Information Resource Subsystem (FLAIR) data and additional financial information provided by FDEM. As part of our tests, we reviewed ten FSR submitted by FDCA during the audit period. Our tests disclosed the following:</p> <ul style="list-style-type: none"> <li>• Required indirect expense information, including the rate type, the actual rate, the base amount, total indirect expense, and Federal share of indirect expense, was not included on the FSR for two of six applicable reports tested. The two reports were applicable to HSC, Grant Nos. 2005-GE-T5-0035 and 2004-GE-T4-0010. The Federal share of indirect expenses shown by these reports was \$705,535.48 and \$89,139.17, respectively.</li> <li>• The amounts reported for recipient share outlays were understated for three of ten reports. The reported amounts did not include a State matching portion of \$1,015,844.56, and local matching portions of \$1,019,119.50 and \$2,049,531.86. These three reports were applicable to HSC Grant No. 2005-GE-T5-0035, Disaster Grants – Public Assistance (Presidentially Declared Disasters) Grant No. FEMA-1204-DR-FL, and HMG Grant No. FEMA-1195-DR-FL. The three reports were for the quarter ended March 31, 2006. FDCA staff explained that reporting procedures were revised, effective for the quarter ended June 30, 2006, to include State and local matching portion in the recipient share outlays reported on the FSR.</li> <li>• For two of ten reports, the reported recipient share outlays were comprised of amounts not reconciled to appropriate accounting records. FDEM did not accumulate and provide to FDCA the actual global and local match portions of the recipient share outlays. Instead, FDCA reported the calculated amounts based on the matching requirements. Both reports were applicable to HMG for the quarter ended March 31, 2006. The report for Grant No. FEMA-1345-DR-FL included \$16,500,836.33 of global match amounts, which represented approximately 93 percent of the recipient share outlay. The report for Grant No. FEMA-1460-DR-FL included \$38,760 of local match amounts, which represented approximately 73 percent of the recipient share outlay.</li> </ul>

	<p>Reporting errors were also noted in audit report No. 2006-152, finding No. 05-086. FDEM indicated in the SSPAF that the finding was fully corrected by developing a tracking form for new contracts beginning with projects funded under FEMA 1539 (Hurricane Charley), although FDEM has had no such new contracts. However, FDEM had not resolved the findings for the existing grants as described above.</p>
<b>Cause</b>	<p>FDCA and FDEM had not established procedures to ensure that Federal reports were prepared in accordance with applicable report instructions. Additionally, FDEM did not determine and provide to FDCA all applicable financial information.</p>
<b>Effect</b>	<p>The failure to provide reports that are complete, accurate, and properly supported may limit the ability of the USDHS to properly administer these Federal programs. Additionally, FDCA and FDEM cannot ensure that the matching requirements are met for HMG without accumulating actual local and global match portions of the subrecipient share outlays.</p>
<b>Recommendation</b>	<p>We recommend that FDCA and FDEM enhance procedures for the preparation, review, and submission of required Federal reports. We also recommend that FDEM determine the actual local and global match portions for all HMG grants.</p>
<b>State Agency Response and Corrective Action Plan</b>	<p><b>Florida Department of Community Affairs (FDCA):</b></p> <p>The Finance &amp; Accounting staff responsible for preparation of Federal reports have now started including the indirect cost information on the quarterly Federal report that is submitted to the grantor. Unfortunately, it was not known prior to the finding that this information was required and not optional. Since the inception of the program, this information had been omitted from the Federal report and the grantor had not notified us of the noncompliance when the report was received or during the audit process, (Federal or state). Also, the accounting office will utilize the local/global match information received from the Hazard Mitigation unit on the Federal report submission.</p> <p><b>Florida Division of Emergency Management (FDEM):</b></p> <p>The Mitigation section has reviewed the Audit Finding concerning questionable matching requirements and calculations. We concur with the suggestion that the program improve its procedures to document required match.</p> <p>The HMGP section has implemented the following procedures to ensure the matching requirements are met and properly documented. The process is as follows:</p> <ul style="list-style-type: none"> <li>--The Grant Schedule report for the project grant will be printed from FLAIR no later than two weeks after the end of the Quarterly Reporting period.</li> <li>--A comparison will be made between the Quarterly Report in FERS (Florida Emergency Reimbursement System) with the Grant Schedule from FLAIR. The Grant Schedule will have a Federal disbursement amount greater than the Quarterly Report due to subgrantee allowable administrative costs being disbursed from the project grant. The FERS database segregates Federal disbursements from administrative costs.</li> <li>--The difference will be taken between the two figures and will reflect the administrative payments. If the difference does not equal the administrative payments, then a consultation with Finance and Accounting will occur to resolve the issue.</li> <li>--If the difference equals the administrative payments, then the Federal disbursements on the FERS Quarterly Report will be divided by 75% to determine the total amount paid and multiplied by 25% to determine the appropriate match.</li> </ul>

--The process of how the match is determined is entered on a copy of the FERS Quarterly Report and submitted to Finance and Accounting.

This process was followed for the Quarterly Reporting period of October 1, 2006 through December 31, 2006.

A separate spreadsheet was developed to assist staff with tracking global match, which is tracked separately from the tracking of local match as provided above. The Global Match Project Spreadsheet documents the FEMA approved Global Match projects. This Spreadsheet will include all FEMA approved Global Match projects and the corresponding required FEMA approved project Match, starting with the 2004 events.

**Agency Contact and  
Telephone Number**

**Florida Department of Community Affairs (FDCA):**

Karen Peyton  
(850) 922-1646

**Florida Division of Emergency Management (FDEM):**

Leroy Thompson  
(850) 413-9816

**Estimated Corrective  
Action Date**

**Florida Department of Community Affairs (FDCA):**

September 30, 2006

**Florida Division of Emergency Management (FDEM):**

Completed

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-072</b>
<b>CFDA Number</b>	<b>97.004 and 97.067</b>
<b>Program Title</b>	<b>Homeland Security Cluster (HSC)</b>
<b>Compliance Requirement</b>	Procurement and Suspension and Debarment
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003-TE-TX-0177; 2003-MU-T3-0032; 2004-GE-T4-0010; 2005-GE-T5-0035
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FDCA had not established procedures to ensure that vendors had not been debarred or suspended from receiving Federal funds. Additionally, FDCA did not have procedures in place to determine whether the articles, materials, or supplies procured for the HSC were mined, produced, or manufactured in the United States (The Buy American Act).
<b>Criteria</b>	2 CFR 180.220 and 180.300, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement); 41 U.S. Code Section 10a, <i>American materials required for public use</i>
<b>Condition</b>	FDCA did not obtain a written certification from its vendors or check the <i>Excluded Parties List System (EPLS)</i> maintained by the U.S. General Services Administration for vendors debarred or suspended from receiving Federal funds for procurement contracts for goods or services equal to or in excess of \$25,000. Applicable FDCA procurements for the 2005-06 fiscal year totaled \$8,148,027. Although our review of 17 Federal procurement transactions with 7 vendors, disclosed that the vendors were not on the EPLS during the 2005-06 fiscal year, the potential for not detecting excluded vendors exists. Additionally, FDCA did not perform any procedures to ensure that the articles, materials, and supplies procured for the HSC were mined, produced, or manufactured in the United States.
<b>Cause</b>	FDCA purchasing staff indicated that they were not aware of the requirements regarding debarred and suspended parties and the Buy American Act.
<b>Effect</b>	Contracts for goods or services may be procured from vendors that have been suspended or debarred, resulting in charges subject to disallowance. Additionally, articles, materials, or supplies that were not mined, produced, or manufactured in the United States may be purchased for the HSC, resulting in charges subject to disallowance.
<b>Recommendation</b>	We recommend that FDCA develop written policies and procedures for the required Federal procurement and suspension and debarment rules and the Buy American Act. Additionally, we recommend that FDCA take steps to ensure that future procurements are made in compliance with the applicable regulations.
<b>State Agency Response and Corrective Action Plan</b>	The Purchasing Office has taken steps to check the vendor for each Division of Emergency Management purchase that comes through our office with the Federal Government's Excluded Parties List System online at <a href="http://www.epls.gov">www.epls.gov</a> to determine if the vendor should be excluded from receiving Federal contracts. We are currently updating our complete procurement procedures and will include this step in the update.  To date we have not determined a reasonable way to determine that all purchases with HSC monies are all American-made. For example - the computers we purchase are from Dell which has many parts and models made overseas. We do not purchase from vendors not registered with MyFloridaMarketPlace where they have to declare if they are a foreign company or provide a FEID or Social Security Number.

The standard Federally funded subgrant agreements which are presently being used by the FDCA and FDEM contain a certification from the recipient that it has not been debarred or suspended during the previous 36 months and also requires that the recipient obtain a similar certification from every subcontractor under the agreement. This provision was added about two years ago. Effective February 21, 2007, the standard Federally funded subgrants also contain a requirement that the recipient comply with 41 U.S.C. 10a.

**Agency Contact and  
Telephone Number**

David Perrin  
(850) 922-1717  
Barbara Jo Finer  
(850) 922-1677

**Estimated Corrective  
Action Date**

Corrective Action completed for standard form of Federally funded subgrant agreement. This standard agreement is posted on the FDCA Intranet site for use by all employees of FDCA and FDEM. Actual implementation will take place as new agreements are prepared by staff in conformity with the standard form agreement.

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-073</b>
<b>CFDA Number</b>	<b>97.004, 97.067</b>
<b>Program Title</b>	<b>Homeland Security Cluster</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003-MU-T3-0032, 2004-GE-T4-0010
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-083
<b>Finding</b>	Material noncompliance and reportable conditions disclosed in the prior audit, regarding the communication of required information, including applicable CFDA numbers, to subrecipients and other State agencies for equipment distributions and the implementation of adequate procedures for monitoring the subrecipients and other State agencies, continued to exist during the 2005-06 fiscal year.
<b>Criteria</b>	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>
<b>Condition</b>	<p>During the 2005-06 fiscal year, FDEM executed 9 subrecipient agreements and 1 agreement with another State agency for equipment distributions totaling \$806,785. Additionally, 151 subrecipient agreements and agreements with other state agencies for equipment distributions, totaling approximately \$21.5 million, were in effect during the 2005-06 fiscal year.</p> <p>In the Summary Schedule of Prior Audit Findings as of June 30, 2006, FDEM indicated that the completion of corrective actions regarding the execution of agreements, which include all required information for distributions of equipment, and the implementation of related monitoring procedures were anticipated by September 1, 2006.</p>
<b>Cause</b>	FDEM staff attributed the deficiencies to staff vacancies, the demands of the 2004-05 hurricane season, and the increase in workload associated with the Department of Homeland Security contracts.
<b>Effect</b>	Absent timely notification by FDEM of required Federal award information, subrecipients and other State agencies may not correctly identify the equipment distributions for financial reporting and accountability purposes. Additionally, without adequate monitoring of equipment distributed to subrecipients and other State agencies, FDEM has limited assurance that the equipment is properly accounted for, utilized, and maintained so that it will be functional and available for use, and that subrecipients and other State agencies have fulfilled Program requirements.
<b>Recommendation</b>	FDEM staff indicated that the contract management vacancies have been filled and existing staff are providing necessary training to ensure compliance with all laws, rules, and procedures. FDEM staff further indicated that staff is working toward maintaining and monitoring all contracts. We recommend that FDEM continue its efforts to ensure that all subrecipients and other State agencies are informed of applicable Federal information and requirements, and that procedures are implemented to ensure that all subrecipients and other State agencies are properly monitored.

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<b>State Agency Response and Corrective Action Plan</b>	The Division's contract staff is continuing its efforts to ensure that all subrecipients and State agencies are informed of applicable Federal information and requirements, and that procedures are implemented to ensure that all subrecipients and other State agencies are properly monitored.
<b>Agency Contact and Telephone Number</b>	Farrah Gosford (Programmatic) (850) 413-9974 Cherie Trainor (Contractual) (850) 413-9942
<b>Estimated Corrective Action Date</b>	March 1, 2008



## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-074</b>
<b>CFDA Number</b>	<b>97.004, 97.067</b>
<b>Program Title</b>	<b>Homeland Security Cluster</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2003-MU-T3-0032, 2004-GE-T4-0010, 2005-GE-T5-0035
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FDEM did not have written procedures regarding the receipt and review of programmatic status and closeout reports from subrecipients and other State agencies and did not always obtain and review such reports.
<b>Criteria</b>	28 CFR 66.40, <i>Monitoring and Reporting Program Performance</i> ; 28 CFR 66.42, <i>Retention and Access Requirements for Records</i> ; USDOJ OJP 2005 Financial Guide, <i>Retention and Access Requirements for Records</i>
<b>Condition</b>	Our review of 20 subgrant agreements and agreements with other State agencies disclosed that FDEM had not obtained and reviewed required programmatic reports, such as monthly and semi-annual status reports, and closeout reports for 10 agreements. Nine of the 10 agreements were with other State agencies and 1 agreement was with a local government. Additionally, FDEM could not provide the files evidencing that required reports were obtained and reviewed for 2 local governments.
<b>Cause</b>	FDEM staff attributed the failure to obtain and review these reports to staff vacancies, the demands of the 2004-05 hurricane season, and the increase in workload associated with the Department of Homeland Security contracts. However, FDEM staff also acknowledged the lack of written procedures to track the programmatic status and closeout reports.
<b>Effect</b>	FDEM has limited assurance of compliance with applicable Program requirements and achievement of performance goals.
<b>Recommendation</b>	We recommend that FDEM establish and implement written procedures for obtaining status and closeout reports from subrecipients and other State agencies to ensure that these entities comply with applicable Program requirements and achieve performance goals. We also recommend that FDEM timely obtain and review required programmatic status and closeout reports.
<b>State Agency Response and Corrective Action Plan</b>	As a result of this audit finding, the Division's contract section is drafting a Standard Operating Guide that will include obtaining the status and closeout reports for subrecipients and other State agencies. The Division's intent is to ensure that these entities comply with program requirements, achieve performance goals, and achieve timely review of the required programmatic status and closeout reports.
<b>Agency Contact and Telephone Number</b>	Cherie Trainor (850) 413-9942
<b>Estimated Corrective Action Date</b>	March 1, 2008

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-075</b>
<b>CFDA Number</b>	<b>97.036 and 97.039</b>
<b>Program Title</b>	<b>Disaster Grants – Public Assistance (Presidentially Declared Disasters) and Hazard Mitigation Grant</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA) Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	FEMA-1539-DR-FL, FEMA-1551-DR-FL, FEMA-1595-DR-FL, FEMA-1609-DR-FL
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	FDEM did not always obtain from subrecipients required documentation for advances or provide such documentation to FDCA for payment processing. Additionally, FDCA did not always ensure that subgranted advance payments were properly coded in FLAIR.
<b>Criteria</b>	44 CFR 13.20, Federal Emergency Management Agency, <i>Standards for Financial Management Systems</i>
<b>Condition</b>	Our review of four advances of Federal funds to subgrantees disclosed that FDEM did not obtain or provide to FDCA the budget data, the justification statement, and other documentation, as required in the agreements, for three advances totaling \$77,350,341.32. While documentation was not obtained or reviewed for the advance payments, FDEM obtained adequate documentation to demonstrate that the activities authorized under the agreement were performed when subsequent reimbursements were requested by the subrecipient for the balance of expenditures on the applicable projects. Additionally, FDCA coded the four advances totaling \$77,688,102.32 as reimbursements rather than as advances in the State's accounting system, Florida Accounting Information Resource Subsystem (FLAIR).
<b>Cause</b>	FDEM staff indicated that all the required documentation was not requested prior to making advances for the Disaster Grants due to the magnitude and number of disasters that precluded FDEM from adequately reviewing the applicant's submitted documentation. Additionally, FDCA did not have adequate controls to ensure that advances were properly coded in the State's accounting system.
<b>Effect</b>	Absent review of all required information, FDEM and FDCA lack assurance that advances are appropriate and properly recorded in FLAIR. Additionally, FDEM and FDCA may not properly monitor the use of advances if they are not properly coded in FLAIR.
<b>Recommendation</b>	We recommend that FDEM and FDCA establish procedures to ensure that all required information is obtained prior to advancing moneys to subgrantees and to ensure that such transactions are properly coded in FLAIR.
<b>State Agency Response and Corrective Action Plan</b>	<b>Florida Department of Community Affairs (FDCA):</b> The Finance & Accounting office has modified their accounting ledgers to now include a field to record advance payments. This field will now be reconciled to the advance object code identifier in FLAIR to ensure that payments received from the program areas that are classified as advances have been properly recorded in the accounting system.

**Florida Division of Emergency Management (FDEM):**

These claimed advances in some cases met our standard for reimbursements of actual costs. As indicated in the report, the Division later obtained adequate documentation to show the payments were justified. Subsequent Funding Agreements of large disasters will be modified to include only the requirements of 44 CFR 13.20, Standards for Financial Management Systems.

**Agency Contact and  
Telephone Number****Florida Department of Community Affairs (FDCA):**

Karen Peyton  
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**Florida Division of Emergency Management (FDEM):**

Gary K. Freerksen  
(850) 487-1956

**Estimated Corrective  
Action Date****Florida Department of Community Affairs (FDCA):**

January 1, 2007

**Florida Division of Emergency Management (FDEM):**

July 1, 2007

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-076</b>
<b>CFDA Number</b>	<b>97.036</b>
<b>Program Title</b>	<b>Disaster Grants – Public Assistance (PA) (Presidentially Declared Disasters)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b> <b>Florida Division of Emergency Management (FDEM)</b> <b>Florida Department of Transportation (FDOT)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	FEMA-1551-DR-FL
<b>Finding Type</b>	Questioned Costs – \$899,527.20
<b>Finding</b>	Ineligible costs were paid from the PA Program.
<b>Criteria</b>	44 CFR 206 Subpart H, <i>Public Assistance Eligibility</i>
<b>Condition</b>	As part of our review of 35 payments to State agencies, we identified 1 payment, totaling \$899,527.20, made to the Florida Department of Transportation (FDOT) for debris removal costs that were ineligible for payment under the PA Program because they were for a subsequent, rather than initial, removal.
<b>Cause</b>	In response to our inquiries, FDEM indicated that this payment was approved and paid due to the inclusion of the costs in FDOT's submittal of Summary of Documentation and certification on the Request for Reimbursement. FDEM indicated that it was not readily apparent from the documentation that costs were not part of the eligible work. Additionally, FDEM explained that mistakes of duplicate eligibility are either found by the applicant or discovered at final inspection. FDOT personnel indicated that the request for reimbursement was submitted in error.
<b>Effect</b>	Unallowable costs were charged to the PA Program.
<b>Recommendation</b>	In response to our inquiries, FDOT initiated actions to correct the erroneous payment. We recommend that FDEM and FDCA ensure that all PA payments are sufficiently reviewed to prevent payments for unallowable costs. We recommend that FDOT ensure that requests for reimbursement are made only for eligible costs.
<b>State Agency Response and Corrective Action Plan</b>	<p><b>Florida Department of Community Affairs (FDCA):</b></p> <p>All subrecipient payment requests received in the DCA are reviewed and approved by the program staff. Upon approval, a request for payment is submitted to the accounting office for processing. Documentation for support of the payment is not forwarded to the accounting office and it is the responsibility of program staff to ensure that reimbursements are only approved for eligible costs prior to submission for payment reimbursement.</p> <p><b>Florida Division of Emergency Management (FDEM):</b></p> <p>This error was actually discovered by FDOT before being audited. These types of errors, where the work invoiced was for debris removal, but eligible under another Federal Program will be discovered at Final Inspection. Note the FDOT received only the Federal share for this work from DEM; if they had correctly invoiced this to the Federal Highway Administration, they would have received 100% reimbursement.</p> <p><b>Florida Department of Transportation (FDOT):</b></p> <p>The Project Worksheet version (3416-1) to correct the error was drafted in July 2006. An e-mail with a copy of the draft version was sent to the Auditor General's Office on November 30, 2006. A follow-up e-mail was sent on December 29,</p>

2006, stating the version was submitted to FEMA. As of March 6, 2007, FEMA has yet to approve this version along with many others they are reviewing.

**Agency Contact and  
Telephone Number**

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**Florida Division of Emergency Management (FDEM):**

Gary Freerksen  
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**Florida Department of Transportation (FDOT):**

Teresa Mast, Project Cost Management Coordinator, Office of Comptroller  
(850) 414-4173

**Estimated Corrective  
Action Date**

**Florida Department of Community Affairs (FDCA):**

N/A

**Florida Division of Emergency Management (FDEM):**

Completed

**Florida Department of Transportation (FDOT):**

July 2006

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-077</b>
<b>CFDA Number</b>	<b>97.036</b>
<b>Program Title</b>	<b>Disaster Grants – Public Assistance (PA) (Presidentially Declared Disasters)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b> <b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	FEMA-1561-DR-FL and FEMA-1539-DR-FL
<b>Finding Type</b>	Reportable Condition Questioned Costs – \$81,610.42 (FEMA-1561-DR-FL, \$37,085.89 and FEMA-1539-DR-FL, \$44,524.53)
<b>Finding</b>	Duplicate payments were paid from PA Program funds.
<b>Criteria</b>	44 CFR 206 Subpart G, <i>Public Assistance Project Administration</i> ; Public Assistance Program Standard Operating Guidelines
<b>Condition</b>	During the 2005-06 fiscal year, FDCA made disaster assistance payments for FDEM from the PA Program totaling approximately \$1.6 billion. Based on our analysis of payments, we identified 5 payments totaling \$81,610.42, in which the supporting PA Request for Payment form had previously been paid. FDCA indicated that reimbursements have been requested from the applicable payees.
<b>Cause</b>	FDCA indicated that the duplicate payments were attributable to an unprecedented number of payment requests to be processed, lack of sufficient staff to handle the workload, and the need to expedite payments in order to assist in the recovery efforts caused by the devastation of four major hurricanes. FDCA explained that these circumstances caused a temporary backlog in the posting process, which is a safeguard and check system for tracking payments to detect duplicate payments.
<b>Effect</b>	Unallowable payments of PA Program funds were made.
<b>Recommendation</b>	FDCA indicated that they have since employed more staff, reorganized duties of several personnel, and eliminated the posting backlog. We recommend that FDCA adhere to established procedures for processing payment requests to ensure that duplicate payments are not made. Additionally, we recommend that FDCA and FDEM ensure that reimbursements are obtained for the noted overpayments.
<b>State Agency Response and Corrective Action Plan</b>	<p><b>Florida Department of Community Affairs (FDCA):</b></p> <p>The accounting office is no longer processing payment requests before posting to the subrecipient ledgers. This way, if a payment is submitted more than once by the program staff, it will be caught before the request is entered into FLAIR. Also, it will eliminate the possibility of accounting staff processing the same request more than once.</p> <p><b>Florida Division of Emergency Management (FDEM):</b></p> <p>Please refer to DCA's response to this finding.</p>

**Agency Contact and Telephone Number**

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Gary Freerksen  
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**Estimated Corrective Action Date**

**Florida Department of Community Affairs (FDCA):**  
March 2006

**Florida Division of Emergency Management (FDEM):**  
Completed

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-078</b>
<b>CFDA Number</b>	<b>97.036</b>
<b>Program Title</b>	<b>Disaster Grants – Public Assistance (PA) (Presidentially Declared Disasters)</b>
<b>Compliance Requirement</b>	Special Tests and Provisions
<b>State Agency</b>	<b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	FEMA-1539-DR-FL, FEMA-1545-DR-FL, FEMA-1551-DR-FL, FEMA-1561-DR-FL, FEMA-1595-DR-FL, FEMA-1602-DR-FL, FEMA-3220-DR-FL, FEMA-3259-DR-FL, and FEMA-1609-DR-FL
<b>Finding Type</b>	Material Noncompliance, Material Weakness and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-084
<b>Finding</b>	Reportable conditions disclosed in the prior audit regarding the completion of final inspections continued to exist during the 2005-06 fiscal year.
<b>Criteria</b>	44 CFR 206.205, <i>Payment of claims</i>
<b>Condition</b>	<p>In audit report No. 2006-152, finding No. FA 05-084, we disclosed reportable conditions regarding FDEM's inability to complete final inspections for a significant number of large PA projects. Large PA projects are those with expenditures exceeding the established threshold. During the 2005-06 fiscal year, the threshold for large projects was \$55,000 through September 30, 2005, and \$57,500 beginning on October 1, 2005.</p> <p>In the Summary Schedule of Prior Audit Findings as of June 30, 2006, FDEM indicated that given the current backlog and delay in approval of the State Management Administrative Cost project worksheet, full corrective action cannot be completed until March 2007. In response to our inquiry, FDEM indicated that as of September 5, 2006, final inspections had been completed for only 159 of the 7,784 applicable large projects related to the 2004 and 2005 hurricane seasons. FDEM further indicated that approximately 200 final inspections were in progress as of October 18, 2006.</p>
<b>Cause</b>	FDEM attributed the backlog of final inspections and close-outs to the lack of staff and deployment of available staff for Hurricanes Katrina and Wilma.
<b>Effect</b>	Final inspections for large PA projects are necessary for FDEM to certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project was in compliance with the provisions of the FEMA-State Agreement, and that payments have been made in accordance with Federal requirements. The effectiveness of these inspections is significantly diminished absent their timely performance.
<b>Recommendation</b>	We recommend that FDEM allocate the necessary resources to ensure the completion of all required final inspections as soon as practicable.
<b>State Agency Response and Corrective Action Plan</b>	<p>We see no improvement to this finding for the next few years.</p> <p>1. FEMA Regulation 44 CFR 206.205(b) requires the Grantee (FDEM) to make an accounting to FEMA of eligible costs for each large project certifying that reported costs were incurred in the performance of eligible work, that the work was completed, that the project is in compliance with the provisions of the FEMA/State Agreement, and that the payments for the project have been made in accordance with FEMA Regulation 44 CFR 13.21. Also, the Regulation requires that final inspections be submitted to FEMA as soon as practicable after the Subgrantee has completed the approved work and requested payment. The Regulation further defines FEMA's role in the final inspection process to review the Grantee's accounting to determine eligible amount for reimbursement. If a discrepancy between reported costs and approved funding exists, FEMA may</p>



conduct field reviews or Federal audits, to gather additional information for determination of eligible costs that exceed the initial approved funding for additional obligation of funds to the project as necessary. FEMA's response to our pointing this out is their interpretation of 44 CFR 206.205: "(2) The RD (Regional Director) shall review the accounting to determine the eligible amount of reimbursement for each large project and approve eligible costs" means that FEMA will review the subrecipient's accounting. That is, the State's staff Final Inspections are not acceptable unless FEMA staff review the applicants' detailed records.

2. The established procedure for final inspections, between the Grantee and FEMA prior to the 2004 Declarations, involved the Grantee review of Subgrantee expense summaries to identify eligibility issues of claimed costs and review any necessary documentation that would verify eligibility, sample test the supporting documentation for the Subgrantee's expense summaries to determine reliability of the summaries, inspect completed restoration work, and otherwise assure that the Subgrantee was ready for required audits. Final determination of whether the Subgrantee had sufficient documentation to support eligible costs was left for the auditing process for which audit exceptions would be reviewed by the Grantee's Inspector General for any necessary recoupment of funds paid. The Grantee, through this process, is the primary driver of the final inspection process with FEMA conducting reviews of the Grantee's submitted final inspection reports and final PWs (Project Worksheets) to adjust the project funding to actual eligible costs.

3. Due to the 2004 and 2005 Disaster Declarations, there has been a significant generation of new large projects requiring final inspection. The Grantee has attempted to complete final inspections as per established procedures for completed large projects. However, the FEMA Long-Term Recovery Office that has been established to administer grants to the State for the 2004 and 2005 Declarations, has delayed acceptance of the Grantee's final inspection reports, and further, has revised the final inspection procedures to require extensive audit-like reviews of all the Subgrantee's supporting documentation for claimed expenses. In addition, FEMA has assigned a limited number of closure specialists to take over the final inspection review process from the Grantee. There are many Subgrantees with completed projects ready for final inspection that are being placed on hold. The final inspection process can now take weeks for completion of a single multi-million dollar project as compared to a day or two under the previously established procedures. This is evidenced by the time it has taken during a final inspection of three large emergency work projects (Charley, Frances, and Ivan) for the Department of Military Affairs, which have been in process since before Christmas and are not yet completed as of the end of January. There are approximately 700 large projects for State Agencies for the 2004 and 2005 Declarations alone. The FEMA LTRO (Long-Term Recovery Office) has grossly under-estimated six years to close the large projects for the 2004 Declarations, using these new procedures, and has further expressed non-concern for efficiency or effectiveness in expediting the process. The Grantee's projection for completion of these final inspections would be considerably longer.

4. The Grantee has been relegated to assisting the Subgrantees to be prepared for FEMA final inspection of their large projects under this new procedure. However, the Grantee is handicapped in even performing this function in that FEMA has not been timely funding the requested grants for State Management Administrative Costs (SMAC) for administering the Public Assistance Program. Currently, the Grantee has approximately 50 vacancies in planned staffing levels to accomplish the closure activities. Until FEMA provides advance funding for these SMAC projects, these vacancies cannot be filled as per State rules.

In light of the above, there is no realistic expectation that the Grantee can meaningfully and timely reduce the backlog of final inspections to be conducted for all Subgrantees in the State for the 2004 and 2005 Declarations. It is our opinion that the Grantee should be conducting the final inspection process as per the above-cited FEMA Regulation; or that FEMA drive the final inspection process only on those projects with claimed overruns. FEMA should otherwise be reviewing the Grantee's submittal of final inspections as per the applicable Regulation. It is administratively burdensome and expensive, contrary to the intent of the Stafford Act, for FEMA to bog down the large project closure process in the current manner. Also, it is not cost-effective, considering the cost of maintaining the FEMA operation in the LTRO verses any costs that might be saved in the grants in arguing eligibility issues that can be resolved through the previously-established processes upon FEMA review. The Grantee can handle the final inspection process at a fraction of the cost now being experienced by the Grantee and FEMA.

**Agency Contact and  
Telephone Number**

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**Estimated Corrective  
Action Date**

Please note that the latest FEMA Public Assistance Branch Quarterly Report for the First Quarter FY 2007 indicates completion in September 2032 if future progress is at the current rate.

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-079</b>
<b>CFDA Number</b>	<b>97.039</b>
<b>Program Title</b>	<b>Hazard Mitigation Grant (HMG)</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA) Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Opinion Qualification, Material Noncompliance, and Reportable Condition - Activities Allowed or Unallowed and Allowable Costs/Cost Principles Material Noncompliance and Reportable Condition - Period of Availability Questioned Costs – \$1,131,335.40 (Grant FEMA-1345-DR-FL, \$348,593; Grant FEMA-1249-DR-FL, \$50,028; Grant FEMA-1300-DR-FL, \$618,554; Grant FEMA-1306-DR-FL, \$106,299.95; Grant FEMA-1381-DR-FL, \$7,860.45)
<b>Finding</b>	FDCA and FDEM did not adequately review subrecipient requests for reimbursement prior to approval and payment to ensure that amounts paid were appropriate and met applicable compliance requirements.
<b>Criteria</b>	44 CFR 13.20, <i>Standards for financial management systems</i> ; 44 CFR 13.22, <i>Allowable costs</i> ; 44 CFR 13.23, <i>Period of availability</i> ; 44 CFR 206.439, <i>Allowable costs</i>
<b>Condition</b>	<p>FDCA and FDEM rely on a review of documentation provided by subrecipients as part of their reimbursement requests to evaluate the appropriateness of costs and their compliance with Federal requirements. As part of our audit, we reviewed FDCA and FDEM's records applicable to 20 subrecipient payments, totaling \$3,562,504.95. Our tests disclosed the following:</p> <ul style="list-style-type: none"> <li>• For 9 of 20 payments, totaling \$1,131,335.40, payment was made absent required documentation, such as vendor invoices, cancelled checks, time and attendance records for personnel costs, documentation of FEMA approval, and evidence of review of deliverables. Additionally, we noted the following specific deficiencies for 2 of these payments. <ul style="list-style-type: none"> <li>▪ For 1 of the 9 payments, personnel costs were paid in excess of the amount approved in the grant agreement. The subgrant agreement allowed for personnel costs totaling \$36,818, while the amount paid totaled \$88,415.58. FDEM staff indicated that FDEM timely revised the subgranted amounts in the grant agreement upon the subrecipient's request, but could not provide a copy of the revised agreement.</li> <li>▪ One payment totaling \$7,860.45 was made for services rendered outside the contract period. FDEM staff indicated that FDEM plans to recover the amount from the subrecipient.</li> </ul> </li> </ul> <p>FDCA and FDEM records did not include explanations for the missing documents, the excess personnel costs paid, or an explanation regarding alternative review procedures performed for these payments.</p> <ul style="list-style-type: none"> <li>• For 2 payments, totaling \$1,171,453.00, the total eligible costs shown on the Summary of Documentation forms (i.e., forms used by subrecipients to list each cost included in the total request for reimbursement) submitted by the subrecipients did not agree with the supporting documentation. Although the documentation included total eligible costs greater than the amount paid, FDEM records did not include explanations for the differences.</li> </ul>

<b>Cause</b>	There are multiple types of projects and expenditures that are allowable Program charges. Each of these types has unique documentation requirements. We noted that instructions provided to subrecipients were inadequate in addressing the required documentation for the various unique project types.
<b>Effect</b>	Absent adequate documentation, the validity of expenditures charged to the Program can not be determined.
<b>Recommendation</b>	We recommend that FDCA and FDEM develop and implement effective procedures to ensure that a proper review is conducted for all payments charged to the Program. Additionally, we recommend that FDEM enhance the instructions provided to subrecipients regarding the specific types of documentation required to be submitted with the reimbursement requests.

**State Agency Response and  
Corrective Action Plan**

**Florida Department of Community Affairs (FDCA):**

All subrecipient payment requests received in the DCA are reviewed and approved by the program staff. Upon approval, a request for payment is submitted to the accounting office for processing. Documentation for support of the payment is not usually forwarded to the accounting office and it is the responsibility of program staff to ensure that reimbursements are only approved for eligible costs prior to submission for payment reimbursement.

**Florida Division of Emergency Management (FDEM):**

The Mitigation section has reviewed the Audit Finding concerning questionable review of the request for reimbursement. We concur with the suggestion that the section enhance its procedures to address these concerns.

Specifically, the HMGP section has created a Quality Control Unit to conduct a sample review of payments to ensure the amounts requested are appropriate and meet all the applicable requirements before Finance and Accounting processes the payment.

The HMGP section created the Request for Reimbursement/Advance Payment Checklist for the Project Managers to check all the information included in the reimbursement package and verify that all documentation needed to approve the payments is included. Additionally, the checklist has a space for comments. This checklist requires the following signatures; Project Manager, Planning Manager and the individual(s) responsible for Quality Control. Effective April 1, 2007, the checklist form will be used for all HMGP payment requests as an internal control tool.

The HMGP section also has created a Grants Management Tools (GMT). The GMT provides guidance on grant management documentation required for the Mitigation Grant Programs. The GMT will be included on the [floridadisaster.org](http://floridadisaster.org) web site so agencies receiving program funding will have access to and knowledge of the level and types of documentation expected. Additionally the web site address will be included in the Mitigation project award letters beginning with award notices on or after April 1, 2007.

**Agency Contact and  
Telephone Number**

**Florida Department of Community Affairs (FDCA):**

Karen Peyton  
(850) 922-1646

**Florida Division of Emergency Management (FDEM):**

Leroy Thompson  
(850) 413-9816

**Estimated Corrective  
Action Date**

**Florida Department of Community Affairs (FDCA):**

N/A

**Florida Division of Emergency Management (FDEM):**

April 1, 2007

**U.S. DEPARTMENT OF HOMELAND SECURITY**

<b>Finding Number</b>	<b>FA 06-080</b>																
<b>CFDA Number</b>	<b>97.039 and 97.042</b>																
<b>Program Title</b>	<b>Hazard Mitigation Grant (HMG) and Emergency Management Performance Grants (EMPG)</b>																
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles																
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>																
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)																
<b>Finding Type</b>	Reportable Condition Questioned Costs - \$1,919.35 (CFDA No. 97.042)																
<b>Finding</b>	Payroll costs were not always distributed in accordance with the Staffing Plan approved by the Federal Emergency Management Agency (FEMA).																
<b>Criteria</b>	2 CFR 225, Appendix B, Section 8.h., <i>Support of salaries and wages</i>																
<b>Condition</b>	<p>FDCA charged payroll costs to Federal programs pursuant to Staffing Plans approved by FEMA. During the 2005-06 fiscal year, FEMA approved two plans, one effective July 2005 through January 2006, and one effective February 2006 through June 2006.</p> <p>We reviewed 16 payroll expenditures, paid to 16 employees, totaling \$55,447.01, charged to Federal programs during the audit period. Our testing disclosed that the payroll distribution used for three employees did not agree with the Staffing Plan effective for the pay period tested, resulting in incorrect payroll distributions as follows:</p> <ul style="list-style-type: none"> <li>• HMG was undercharged \$1,229.95 in total for the following Federal Grant numbers: <table border="0" style="margin-left: 40px;"> <tr> <td>FEMA-1345-DR-FL</td> <td>(\$575.80)</td> <td>FEMA-1381-DR-FL</td> <td>(\$143.95)</td> </tr> <tr> <td>FEMA-1393-DR-FL</td> <td>(\$143.95)</td> <td>FEMA-1539-DR-FL</td> <td>\$1,886.09</td> </tr> <tr> <td>FEMA-1545-DR-FL</td> <td>(\$750.78)</td> <td>FEMA-1551-DR-FL</td> <td>(\$750.78)</td> </tr> <tr> <td>FEMA-1561 DR-FL</td> <td>(\$750.78)</td> <td></td> <td></td> </tr> </table> </li> <li>• EMPG was overcharged \$1,919.35 (Grant No. 2006-EM-E6-0049).</li> </ul>	FEMA-1345-DR-FL	(\$575.80)	FEMA-1381-DR-FL	(\$143.95)	FEMA-1393-DR-FL	(\$143.95)	FEMA-1539-DR-FL	\$1,886.09	FEMA-1545-DR-FL	(\$750.78)	FEMA-1551-DR-FL	(\$750.78)	FEMA-1561 DR-FL	(\$750.78)		
FEMA-1345-DR-FL	(\$575.80)	FEMA-1381-DR-FL	(\$143.95)														
FEMA-1393-DR-FL	(\$143.95)	FEMA-1539-DR-FL	\$1,886.09														
FEMA-1545-DR-FL	(\$750.78)	FEMA-1551-DR-FL	(\$750.78)														
FEMA-1561 DR-FL	(\$750.78)																
<b>Cause</b>	FDCA did not follow its procedures to ensure that the payroll distribution calculations were made using the information included in the applicable approved Staffing Plan.																
<b>Effect</b>	FDCA improperly charged payroll costs to Federal programs.																
<b>Recommendation</b>	We recommend that FDCA follow established procedures to ensure that the Federal programs are charged for payroll costs in accordance with the Staffing Plan approved by FEMA.																
<b>State Agency Response and Corrective Action Plan</b>	The DCA Finance & Accounting accountant responsible for processing payroll transactions was informed by the DEM that an adjustment would be forthcoming to redirect staffing charges on the current approved staffing plan. In light of this information, a decision was made to wait until the new staffing plan was received to correct salary charges. The first plan was effective 07/01/05-06/30/06. The second plan that was received 10/05 and was retroactively effective for 07/10/05-06/30/06. Being informed that yet another plan was on the way, rather than perform adjustments, she decided to wait to receive the final plan for 05/06. The final plan was received 06/07/06 and retroactive adjustments were performed at that time. It is our procedure to follow the approved staffing plan for salary redistributions at all times, irrespective of any anticipated changes that may be forth coming.																

**Agency Contact and  
Telephone Number**

Karen Peyton  
(850) 922-1646

**Estimated Corrective  
Action Date**

July 1, 2006

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-081</b>
<b>CFDA Number</b>	<b>97.039</b>
<b>Program Title</b>	<b>Hazard Mitigation Grant</b>
<b>Compliance Requirement</b>	Activities Allowed or Unallowed, Matching
<b>State Agency</b>	<b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various (See Condition)
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs \$131,308
<b>Finding</b>	FDEM procedures were not adequate to ensure that all Program payments to subrecipients were allowable and met applicable matching requirements and that documentation was maintained to demonstrate compliance. Additionally, inconsistencies were noted in the documentation used to calculate matching expenditures.
<b>Criteria</b>	44 CFR 13.24(b)(6) and (c), <i>Matching or cost sharing</i> ; 44 CFR 206.439(c)(2), <i>Allowable costs</i>
<b>Condition</b>	<p>FDEM's subrecipient invoicing procedures require the subrecipient to submit a Request for Advance or Reimbursement, a Summary of Documentation, and supporting documentation, such as vendor invoices, cancelled checks, and time and attendance records for personnel costs. The Subgrantee Worksheet (prepared by FDEM) and the Request for Advance or Reimbursement documents are used to identify the applicable matching percentages. We reviewed FDEM records related to matching requirements for 20 grant payments, totaling \$3,562,505. Our review included review of documentation for in-kind match, global match, cash match, and the allowability of costs used for matching. Our tests disclosed payments totaling \$131,308 to subrecipients where FDEM did not document matching amounts and accepted unallowable expenditures for matching and Federal reimbursement purposes. Specifically:</p> <ul style="list-style-type: none"> <li>• In 2 instances, FDEM records did not include required documentation of the value of the third-party in-kind contributions, totaling \$61,775 for Federal Grant No. FEMA-1345-DR-FL. FDEM lacked documentation of how the values were derived and whether the donated services were reasonable and consistent with amounts paid for similar work in the same labor market.</li> <li>• In 2 instances (Federal Grant No. FEMA-1345-DR-FL), FDEM accepted the inclusion of indirect costs totaling \$65,934 as matching expenditures and inappropriately reimbursed \$3,599 of indirect costs to a subgrantee. Pursuant to Title 44, Section 206.439(c)(2), Code of Federal Regulations, indirect costs are not an allowable use of Program funds for subgrantees.</li> <li>• For 15 payments, the records used to calculate matching expenditures contained inconsistencies in the applicable matching percentages, amounts requested, and amounts approved. Although, except as noted above, FDEM was able to determine that the applicable matching requirements had been met for these grant payments, it did not correct inconsistencies on the applicable documents or include explanations for the inconsistencies.</li> </ul>
<b>Cause</b>	FDEM procedures lack specific guidance regarding the types of documentation required to demonstrate compliance with applicable matching requirements. Additionally, FDEM procedures did not ensure that indirect costs of subgrantees are not reimbursed or used as matching expenditures.



<b>Effect</b>	Applicable matching requirements may not be met or FDEM may lack records to demonstrate compliance with the requirements. (Also, see finding No. FA 06-071. Additionally, FDEM may reimburse subgrantees for unallowable costs.
<b>Recommendation</b>	We recommend that FDEM enhance its procedures to ensure that matching requirements are met and properly documented and that ineligible costs are not reimbursed or included as matching expenditures.
<b>State Agency Response and Corrective Action Plan</b>	<p>The Mitigation section has reviewed the Audit Finding concerning questionable matching requirements and calculations. We concur with the suggestion that the program improve its procedures to document required match.</p> <p>Specifically, the HMGP section has created a Quality Control Unit to conduct a sample review of payments to ensure the amounts requested are appropriate and meet all the applicable requirements before Finance and Accounting processes the payment.</p> <p>The HMGP section also created the Request for Reimbursement/Advance Payment Checklist for the Projects Managers to check all the information included in the reimbursement package and verify that all documentation needed to approve the payments is included. Additionally, the checklist has a space for comments. This checklist requires the following signatures; Project Manager, Planning Manager and the individual(s) responsible for the Quality Control function. Effective April 1, 2007, the checklist form will be used for all HMGP payment requests as an internal control tool.</p> <p>The HMGP section also has created the Grant Management Tools (GMT). The GMT provides guidance on grant management documentation required for the Mitigation Grant Programs. The GMT will be included on the <a href="http://floridadisaster.org">floridadisaster.org</a> web site so agencies receiving program funding will have access to and knowledge of the level and types of documentation expected. Additionally the web site address will be included in the Mitigation project award letters with award notices on or after April 1, 2007.</p> <p>The HMGP section has implemented the following procedures to ensure the matching requirements are met and properly documented. The process is as follows:</p> <ul style="list-style-type: none"> <li>--The Grant Schedule report for the project grant will be printed from FLAIR no later than two weeks after the end of the Quarterly Reporting period.</li> <li>--A comparison will be made between the Quarterly Report in FERS (Florida Emergency Reimbursement System) with the Grant Schedule from FLAIR. The Grant Schedule will have a Federal disbursement amount greater than the Quarterly Report due to subgrantee allowable administrative costs being disbursed from the project grant. The FERS database segregates Federal disbursements from administrative costs.</li> <li>--The difference will be taken between the two figures and will reflect the administrative payments. If the difference does not equal the administrative payments, then a consultation with Finance and Accounting will occur to resolve the issue.</li> <li>--If the difference equals the administrative payments, then the Federal disbursements on the FERS Quarterly Report will be divided by 75% to determine the total amount paid and multiplied by 25% to determine the appropriate match.</li> <li>--The process of how the match is determined is entered on a copy of the FERS Quarterly Report and submitted to Finance and Accounting.</li> </ul> <p>This process was followed for the Quarterly Reporting period of October 1, 2006 through December 31, 2006.</p>

A separate spreadsheet was developed to assist staff with tracking global match, which is tracked separately from the tracking of local match as provided above. The Global Match Project Spreadsheet documents the FEMA approved Global Match projects. This spreadsheet will include all FEMA approved Global Match projects and the corresponding required FEMA approved project Match, starting with the 2004 events.

**Agency Contact and  
Telephone Number**

Leroy Thompson  
(850) 413-9816

**Estimated Corrective  
Action Date**

April 1, 2007

## U.S. DEPARTMENT OF HOMELAND SECURITY

<b>Finding Number</b>	<b>FA 06-082</b>
<b>CFDA Number</b>	<b>97.039</b>
<b>Program Title</b>	<b>Hazard Mitigation Grant</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Agency</b>	<b>Florida Division of Emergency Management (FDEM)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	FDEM did not ensure adequate monitoring and follow-up activities were conducted and documented for Program subrecipients.
<b>Criteria</b>	44 CFR 13.40(c), <i>Monitoring and reporting program performance</i>
<b>Condition</b>	<p>We reviewed FDEM's monitoring activities related to 26 Program subrecipients. Our tests disclosed that FDEM did not always document that adequate monitoring was performed. Specifically, we noted the following:</p> <ul style="list-style-type: none"> <li>• For 12 subrecipients, FDEM had not obtained and reviewed 1 or more quarterly reports. Subrecipients are required to submit these reports pursuant to their applicable subgrant agreements. These quarterly reports include information such as funds disbursed during the quarter, percentage of work completed, and whether the project is on schedule. Of these subrecipients, 10 had not submitted any quarterly reports during the 2005-06 fiscal year. FDEM records lacked documentation or explanation regarding the missing quarterly reports or alternative monitoring procedures performed.</li> <li>• For 2 subrecipients, FDEM had not completed the required final on-site inspections. These projects were completed on October 31, 2004, and June 30, 2005, respectively.</li> <li>• For 3 subrecipients, FDEM did not document follow-up actions that had been taken regarding concerns identified in final inspection reports.</li> </ul>
<b>Cause</b>	FDEM staff explained that the above-noted instances were due to the heavy volume of response, recovery, and mitigation activities at both the agency and subrecipient level resulting from the 2005 disasters. Also, FDEM experienced high turnover in key personnel responsible for project management. Additionally, FDEM procedures lack specific guidance regarding the frequency and documentation of required monitoring and follow-up activities.
<b>Effect</b>	FDEM has limited ability to detect ineffective and inefficient delivery of services; noncompliance with laws, regulations, and provisions of contracts; or underachievement of performance goals; and ensure that prompt, appropriate corrective actions are taken.
<b>Recommendation</b>	We recommend that FDEM enhance procedures to provide specific guidance on the frequency and documentation required for monitoring and follow-up activities.
<b>State Agency Response and Corrective Action Plan</b>	<p>The Mitigation section has reviewed the Audit Finding concerning questionable adequate monitoring and follow-up. We concur with the suggestion to improve our procedures and have instituted the following:</p> <p>The HMGP section has created the Grant Management Tools (GMT), to ensure every planner implements the same criteria to monitoring and follow-up pertaining to Quarterly Reports and reimbursement support documentations. The GMT is located on the shared N drive and on the DEM (Florida Division of Emergency Management) web site. Upon execution of each agreement the DEM award letter</p>

will refer the subrecipient to DEM web site for technical assistance and guidance contained in the GMT.

With respect to final inspection reports, if any follow up activities are discovered during the final inspection, the report effectively becomes an interim inspection report. Once all concerns have been addressed, the inspection report will be documented as a final inspection by the Technical Support Manager. This enhanced process will be updated in the Mitigation Standard Operating Guide (SOG) by April 1, 2007.

**Agency Contact and  
Telephone Number**

Leroy Thompson, Community Program Administrator  
(850) 413-9816

**Estimated Corrective  
Action Date**

April 1, 2007

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**STATE UNIVERSITIES AND COMMUNITY COLLEGES  
SUMMARY OF QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2006**

<u>Compliance Requirement/ Institutions</u>	<u>Total Questioned Costs</u>	<u>Questioned Costs Restored</u>	<u>Net Questioned Costs</u>
<b><u>Student Financial Assistance Cluster</u></b>			
<b>CASH MANAGEMENT - Finding No. FA 06-084</b>			
Escheating:			
Florida A & M University	\$ unknown	\$ unknown	\$ unknown
Florida Atlantic University	9,183.16	9,183.16	-
Florida Gulf Coast University	1,339.88	-	1,339.88
Florida International University	18,074.19	18,074.19	-
Florida State University	unknown	unknown	unknown
University of Florida	1,953.89	1,953.89	-
University of North Florida	unknown	unknown	unknown
University of West Florida	4,578.83	4,578.83	-
Brevard Community College	3,143.50	2,311.73	831.77
Edison College	7,838.15	7,838.15	-
Florida Community College at Jacksonville	6,034.37	6,034.37	-
Florida Keys Community College	4,781.53	-	4,781.53
Gulf Coast Community College	2,183.65	-	2,183.65
Indian River Community College	5,836.60	5,836.60	-
Miami Dade College	20,188.45	10,615.23	9,573.22
Palm Beach Community College	unknown	unknown	unknown
Polk Community College	unknown	unknown	unknown
St. Johns River Community College	1,575.31	-	1,575.31
Santa Fe Community College	5,953.98	5,953.98	-
Seminole Community College	4,092.48	1,663.00	2,429.48
Valencia Community College	<u>16,484.30</u>	<u>16,484.30</u>	<u>-</u>
<b>Total</b>	<u>113,242.27</u>	<u>90,527.43</u>	<u>22,714.84</u>
<b>CASH MANAGEMENT - Finding No. FA 06-085</b>			
FPL interest earnings:			
Florida A & M University	<u>unknown</u>	<u>-</u>	<u>unknown</u>
<b>ELIGIBILITY - Finding Nos. FA 06-089, 090, 092</b>			
Florida A & M University	47,491.00	-	47,491.00
University of Central Florida	1,896.00	-	1,896.00
University of West Florida	<u>11,622.54</u>	<u>11,622.54</u>	<u>-</u>
<b>Total</b>	<u>61,009.54</u>	<u>11,622.54</u>	<u>49,387.00</u>

**STATE UNIVERSITIES AND COMMUNITY COLLEGES  
SUMMARY OF QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2006**

<u>Compliance Requirement/ Institutions</u>	<u>Total Questioned Costs</u>	<u>Questioned Costs Restored</u>	<u>Net Questioned Costs</u>
<b>Student Financial Assistance Cluster (cont.)</b>			
<b>SPECIAL TESTS AND PROVISIONS - Finding No. FA 06-095</b>			
Return of Title IV HEA Funds - Official Withdrawals:			
Florida A & M University	\$ unknown	\$ unknown	\$ unknown
Florida Gulf Coast University	1,820.79	-	1,820.79
University of Central Florida	419.77	-	419.77
University of North Florida	13,075.58	-	13,075.58
University of South Florida	762.87	762.87	-
University of West Florida	1,914.39	1,914.39	-
Lake-Sumter Community College	3,041.00	3,041.00	-
Polk Community College	3,036.33	3,036.33	-
St. Petersburg College	2,351.08	2,351.08	-
Seminole Community College	4,859.93	4,380.51	479.42
Tallahassee Community College	<u>267.20</u>	<u>-</u>	<u>267.20</u>
<b>Total</b>	<u>31,548.94</u>	<u>15,486.18</u>	<u>16,062.76</u>
<b>SPECIAL TESTS AND PROVISIONS - Finding No. FA 06-096</b>			
Return of Title IV HEA Funds - Unofficial Withdrawals:			
Florida A & M University	unknown	unknown	unknown
Florida Atlantic University	1,629.60	1,629.60	-
University of North Florida	5,839.57	-	5,839.57
Polk Community College	1,685.25	-	1,685.25
St. Johns River Community College	1,710.44	1,710.44	-
St. Petersburg College	<u>7,199.44</u>	<u>7,199.44</u>	<u>-</u>
<b>Total</b>	<u>18,064.30</u>	<u>10,539.48</u>	<u>7,524.82</u>
<b>SPECIAL TESTS AND PROVISIONS - Finding No. FA 06-097</b>			
Return of Title IV HEA Funds - Nonattendance:			
Florida A & M University	unknown	unknown	unknown
Florida International University	37,315.15	-	37,315.15
Polk Community College	<u>433.12</u>	<u>-</u>	<u>433.12</u>
<b>Total</b>	<u>37,748.27</u>	<u>-</u>	<u>37,748.27</u>
<b>Total Student Financial Assistance</b>	<u>\$ 261,613.32</u>	<u>\$ 128,175.63</u>	<u>\$ 133,437.69</u>

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-083</b>
<b>CFDA Number</b>	84.007, 84.033, 84.038, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Cash Management, Eligibility, and Special Tests and Provisions
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-088
<b>Finding</b>	The institution was not administering the Title IV Higher Education Act (HEA) Federal programs in compliance with the Standards of Administrative Capability.
<b>Criteria</b>	<p>34 CFR 668.16, Standards of Administrative Capability</p> <p>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:</p> <ul style="list-style-type: none"> <li>• The institution's ability to administer Title IV HEA programs in accordance with all statutory provisions;</li> <li>• The designation of a capable individual to be responsible for administering Title IV HEA programs in which it participates and for coordinating those programs with the institution's other Federal and non-Federal programs of student financial assistance;</li> <li>• The use of an adequate number of qualified staff to administer Title IV HEA programs in which the institution participates;</li> <li>• The administration of Title IV HEA programs with adequate checks and balances in its system of internal controls, including separating the functions of authorizing payments and disbursing or delivering funds; and</li> <li>• Establishing and maintaining records required by regulations and Title IV HEA programs.</li> </ul>
<b>Condition</b>	<p>The institution disbursed approximately \$78 million from the Title IV HEA programs listed above during the 2005-06 fiscal year. The institution reported on the 2005-06 Fiscal Operations Report and Application to Participate (FISAP) that of the 13,693 students enrolled, 10,589 (77 percent) were eligible aid applicants.</p> <p>We noted deficiencies in the institution's administration of Title IV HEA programs, as discussed under the various compliance requirements of this report. For example, some of the issues addressed include:</p> <ul style="list-style-type: none"> <li>• During the 2005-06 fiscal year, the institution certified that new procedures were not completely implemented, and they were continuing to work toward compliance in the following areas: <ul style="list-style-type: none"> <li>▪ Identifying and returning Title IV HEA funds contained in nonnegotiated student checks to the applicable Federal programs. (FA 06-084)</li> </ul> </li> </ul>



- Adequately completing monthly reconciliations of the institution's program accounts to Federal records for drawdowns and disbursements, to bank statements, and to the institution's accounting records. (FA 06-086)
  - Documenting the notification to FDSL or FPL student or parent loan borrowers within 30 days before or after crediting a student's account with FDSL or FPL funds. (FA 06-094)
  - Identifying and returning Title IV HEA funds to applicable Federal programs for students who officially or unofficially withdrew or had not attended. (FA 06-095, 096, and 097)
  - Providing exit counseling materials to FDSL and FPL student loan borrowers after graduation, withdrawal, or ceasing to be enrolled at least half-time. (FA 06-099 and 100)
- The institution's interest allocation method did not properly allocate interest earned on FPL funds deposited in the bank and investment accounts; and FPL funds were not properly deposited into an interest bearing bank account. As of June 30, 2006, the institution had not transferred interest earned on FPL deposits into the FPL program account. (FA 06-085)
  - The institution did not have adequate procedures to ensure that Title IV HEA funds were properly awarded to eligible students. As a result, the institution overawarded and underawarded Title IV HEA funds to its students. (FA 06-089)
  - The institution did not always timely and accurately report FDSL student loan borrowers' enrollment status changes to the National Student Loan Data System. (FA 06-098)
  - It was not evident from the Summary Schedule of Prior Audit Findings that the institution had returned questioned costs noted during the 2003-04 and 2004-05 fiscal year audits to the applicable Title IV HEA programs.

**Cause**

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

- Continuing implementation problems related to the institution's new accounting and records systems.
- Continued staffing shortages experienced in the Financial Aid Office resulted in the institution contracting with an outside firm on August 30, 2005, to provide on-site financial aid staffing to assist with processing financial aid.
- The Financial Aid Office had two directors during the fiscal year. Their combined months of service covered 7 months of the year. For the 5 months the office was without a director, the university relied on a temporary team leader, who was previously engaged as a consultant providing financial aid staffing assistance.

**Effect**

While individually these deficiencies may not be indicative of administrative weakness, collectively they appear to represent a diminished ability for the institution to satisfactorily meet the administrative capability standards in Title 34, Section 668.16, Code of Federal Regulations.

**Recommendation**

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 with adequate knowledge and experience, are allocated for the administration of Title IV HEA programs.

**FAMU Response and  
Corrective Action Plan**

The mission of the Office of Financial Aid is to deliver financial resources to eligible students in accordance with Federal, state, and program regulations. In response to the current audit of Florida A & M University the Office of Financial Aid completed a reordering of priorities, processes and personnel in order to improve the coherence of its delivery of financial aid.

Over the years, leadership and staff turnover created a series of problems. State deadlines were missed and errors and omissions occurred because the Office of Financial Aid lacked technical expertise. However, this problem has been resolved, job responsibilities are more clearly defined, and training issues have been addressed.

Until the recent restructuring, the Director of Financial Aid reported to the Vice President of Student Affairs. Currently, the director reports to the Special Assistant to the President. The new director has 20 years of higher education experience, 14 in financial aid and 25 years of management experiences, oversees twenty-three staff and 12 student workers, including a newly hired Associate Director who has an extensive computer background and will help the office computerize its application processing and recordkeeping.

There are several noteworthy strengths to FAMU's financial aid delivery efforts. First, the student information system offers real-time financial aid information to all applicants. Numerous students view their financial aid accounts via the Internet. Second, efforts to publicize the financial aid resources are regular and emphatic. Student Financial Aid Guides, the University's student newspaper The FAMUAN, and correspondence from the Financial Aid Office all explain procedures and stress the importance of applying early for financial assistance. Third, the staff at FAMU provides intensive counseling services with clear and explicit procedures and conscientious financial aid advisors. Fourth, a new policies and procedures guide has been developed to address the audit finding of administrative capability. The policies and procedures manual addresses administrative capability as defined by the Department of Education (DOE):

- A capable individual responsible for administering all of the Title IV programs – A new Director of Financial Aid was hired on September 11, 2006;
- A system of internal checks and balances for administering financial aid;
- A division of functions of determining student awards and disbursing funds that result from those award decisions;
- Frequent, periodic reconciliation of fiscal office and financial aid office award data;
- A system to identify and resolve discrepancies in information;
- A satisfactory academic progress policy for recipients of Federal financial aid;
- A policy for refunding tuition when a student withdraws from classes;
- A process to notify the DOE within 10 days of any important changes;
- A process to use electronic processes;
- Procedures to ensure that requests for Federal cash do not exceed the amount of funds FAMU needs immediately to make disbursements to students.

Although there have been concerns based on repeated audit findings, the University's Financial Aid Program is now adequately staffed (in quality and quantity of personnel), and has implemented new policies and procedures to conform to the system of checks and balances required by law.

**FAMU Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

December 31, 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-084</b>
<b>CFDA Number</b>	84.007, 84.032, 84.033, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> 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)
<b>Compliance Requirement</b>	Cash Management – Prohibition on Escheating of Title IV Higher Education Act (HEA) Funds
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$113,242.27 (\$2,816.68 FSEOG, \$23,235.51 FFEL subsidized, \$19,449.72 FFEL unsubsidized, \$232.05 FWS, \$57,063.49 PELL, \$4,208.68 FDSL subsidized, and \$6,236.14 FDSL unsubsidized)
<b>Finding</b>	We noted that 21 institutions had not established adequate procedures to ensure the timely return of unclaimed Title IV funds to applicable Federal programs or lenders. Additionally, 2 institutions did not accurately state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
<b>Criteria</b>	34 CFR 668 Subpart K, Cash Management; FSA Handbook Volume 4 Chapter 3 (2005-06), Requesting and Managing FSA Funds; and OMB Circular A-133 Section .500(e), Audit Follow-up  According to the U.S. Department of Education, institutions are prohibited from allowing Title IV HEA funds to revert (or "escheat") to a third party, State, or institutional coffers, and Florida institutions must return unclaimed Title IV HEA funds no later than 180 days after checks containing such funds are written. Institutions are responsible for making sure that Title IV HEA funds are used only for the educational purposes for which they are intended.
<b>Effect</b>	The institutions may be allowing Title IV HEA funds to be used for purposes other than that for which they are intended.  <b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-089, we noted that the institution did not have adequate procedures to prevent Title IV HEA funds from escheating to a third party, State, or institutional coffers, and we identified \$39,335 that the institution needed to return to applicable Federal programs.  During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs within 180 days of the checks being written.
<b>Recommendation</b>	The institution should continue its efforts to implement revised procedures to ensure that unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written are promptly returned to applicable Federal programs. In addition, unnegotiated checks

	containing Title IV HEA funds should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.
<b>FAMU Response and Corrective Action Plan</b>	The University substantially addressed the issues surrounding this finding over the past year, as it relates to strengthening the policies and procedures as well as returning the funds to the DOE. The University is addressing the remaining returns and as a result of an additional requirement from the DOE, the University is reissuing the returned funds check so that there is one check for each of the two years addressed in the prior year audit. In addition, the University is addressing the return of funds for the current year as required by the DOE.
<b>FAMU Contact and Telephone Number</b>	Rufus R. Little, III (850) 412-5480
<b>Estimated Corrective Action Date</b>	This requirement will be completed by March 30, 2007.
	<b><u>Florida Atlantic University (FAU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	Our test of 20 checks containing Title IV HEA funds, included on the institution's May 31, 2006, list of nonnegotiated checks, disclosed the following: <ul style="list-style-type: none"> <li>• Two of the 20 checks totaling \$6,515.66 (\$2,125 FFEL subsidized and \$4,390.66 FFEL unsubsidized) were returned to the lender 205 and 210 days after the checks were written.</li> <li>• One of the 20 checks totaling \$2,667.50 (FFEL subsidized) was refused by the student on September 15, 2005. The check was voided immediately; however, the funds were not returned to the lender until July 15, 2006, 311 days after the check was written, subsequent to our inquiry.</li> </ul>
<b>Cause</b>	The institution had not established adequate procedures to timely return nonnegotiated checks containing Title IV HEA funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>FAU Response and Corrective Action Plan</b>	The University continues to refine 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.
<b>FAU Contact and Telephone Number</b>	Stacey Semmel, CPA, CBM (561) 297-3102
<b>Estimated Corrective Action Date</b>	February 28, 2006
	<b><u>Florida Gulf Coast University (FGCU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	From the institution's June 30, 2006, list of nonnegotiated checks, we selected 15 checks to review, and identified 2 checks that contained Title IV HEA funds totaling \$1,339.88 (\$571.98 FFEL subsidized and \$767.90 PELL) that had not been timely returned to the applicable Federal program or lenders. One check (\$767.90 PELL) was written on January 28, 2000, and the other check (\$571.98 FFEL subsidized) was written on September 6, 2002. As of August 18, 2006, the institution had not returned the \$1,339.88 of Title IV HEA funds contained in these checks although the checks had been unnegotiated for 2,394 and 1,442 days, respectively.

<b>Cause</b>	The institution had not established adequate procedures to timely identify unnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>FGCU Response and Corrective Action Plan</b>	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 the Title IV HEA requirements and Florida Statutes. We pride ourselves on service to students; consequently, we are pleased to report that the questioned costs (FFEL subsidized and PELL) have been corrected.
<b>FGCU Contact and Telephone Number</b>	Jorge E. Lopez (239) 590-1210
<b>Estimated Corrective Action Date</b>	June 30, 2007
<b><u>Florida International University (FIU)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	Our review of the institution's June 30, 2006, list of nonnegotiated checks disclosed 8 checks containing Title IV HEA funds totaling \$18,074.19 (\$9,461.46 FFEL subsidized, \$8,180.72 FFEL unsubsidized, and \$432.01 PELL) that were not timely returned to the applicable Federal programs or lenders. These checks were dated between October 11, 2005, and December 19, 2005, and were returned to the applicable Federal programs or lenders from 192 to 261 days after the checks were written.
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>FIU Response and Corrective Action Plan</b>	Procedures have been established to provide the financial aid department with outstanding checks on a monthly basis subsequent to the reconciliation of the bank accounts. Once this list is received, financial aid staff is committed to reviewing the items on the Federal Title IV programs and taking the appropriate action including returning funds.
<b>FIU Contact and Telephone Number</b>	Francisco Valines, Director Financial Aid (305) 348-2333 James Bond, Controller (305) 348-2560
<b>Estimated Corrective Action Date</b>	Completed February 2007
<b><u>Florida State University (FSU)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	During the 2005-06 fiscal year, the institution established procedures to identify the funding source of each nonnegotiated student check, to contact students, and to return Title IV HEA funds contained in any such checks to applicable Federal

programs and lenders. Twenty-six unnegotiated checks containing \$12,460.63 (\$750 FSEOG, \$6,122.11 FFEL subsidized, \$2,041.24 FFEL unsubsidized, and \$3,547.28 PELL) of Title IV HEA funds had not been timely returned to applicable Federal programs or lenders. These checks were written during the period July 1, 2005, through December 31, 2005; however, the funds were returned from July 26, 2006, to August 15, 2006, 218 to 389 days after the checks were written. Also, the institution had not, as of June 30, 2006, identified checks issued during the 2004-05 fiscal year that contained Title IV HEA funds and had remained unnegotiated for more than 180 days after being written, and returned such funds to applicable Federal programs or lenders.

Similar findings were noted in audit report No. 2005-158, finding No. FA 04-092, and report No. 2006-152, finding No. FA 05-089, for which the institution, in the 2005-06 fiscal year SSPAF, stated that the finding was fully corrected as of June 30, 2006. However, as noted above, the institution's procedures were not adequate to ensure timely identification and return of unclaimed Title IV HEA funds to applicable Federal programs or lenders.

**Cause**

The institution had not established adequate procedures to identify unnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written. The institution considers unnegotiated checks negotiable until a "Stop Payment" order has been placed with the bank or until the checks are more than one year old, which is not consistent with USED guidelines.

**Recommendation**

The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. In addition, the institution should identify checks written during the 2004-05 fiscal year that contained Title IV HEA funds and remained unnegotiated for more than 180 days after being written, and return such funds to applicable Federal programs and lenders.

**FSU Response and  
Corrective Action Plan**

As notated in the Summary Schedule of Prior Audit Findings dated June 30, 2006, during fiscal year 2005-06, the University complied with the recommendation and established a Policy and implemented Procedures to ensure that Title IV HEA funds do not escheat to a third-party, State or institutional coffers and are appropriately returned to USED and applicable lenders prior to the date the check would cease to be negotiable under Florida law. The University Policy states that the funds should be returned when checks are not cashed for more than one year. Our policy is based on the US Department of Education Federal Student Aid (The Blue Book), Florida Statutes 717.113 and 674.404, e-mail correspondence with USDOE staff members, confirming that the 180 day time frame is a suggestion and not a requirement, and our banking partners. The University considers un-cashed checks as negotiable until a Stop Payment order has been placed with the bank or until the check is outstanding for more than one year, and thus considered unclaimed per Florida Statutes. We believe this Policy is in alignment with the Blue Book requirements.

As for FY 03/04, the University returned \$26,604.72 per audit finding FA 04-92. A review of all un-negotiated checks was conducted for FY 04/05 and the University has identified the checks with Federal funds and these funds are in the process of being returned to the appropriate Federal programs.

**FSU Contact and  
Telephone Number**

Tom Harrison  
(850) 644-5482

**Estimated Corrective  
Action Date**

June 30, 2007

<b>Auditor's Remarks</b>	<p><u>The 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 its date. 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 "Void After Six 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.</p> <p><b><u>University of Florida (UF)</u></b></p>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	Our review of the institution's April 2006 listing of nonnegotiated checks disclosed 11 checks issued between November 2004 and March 2005, containing Title IV HEA funds totaling \$1,953.89 (\$313.38 PELL, \$17.68 FDSL subsidized, and \$1,622.83 FDSL unsubsidized). Title IV HEA funds contained in these checks were returned to the applicable Federal programs from 14 to 15 months after the checks were written. In addition, the April 2006 nonnegotiated check list contained approximately \$62,000 in checks that had been nonnegotiated for over 180 days for which the institution had not made a determination as to whether the checks included Title IV HEA funds that should be returned to Federal programs.
<b>Cause</b>	The institution had established procedures to identify unnegotiated checks containing Title IV HEA funds and to either apply those funds to the student's account for debts incurred in the term of award, or return the funds to the applicable Federal program; however, those procedures mandated return of funds to applicable programs after one year, which is inconsistent with USED guidelines. In addition, during our audit period, the institution purchased and subsequently issued checks to students that read "void after 12 months." The institution is in the process of changing their check stock to "void after 180 days," and institution personnel indicated that for those checks that are void after 180 days, Title IV HEA funds will be returned to the applicable Federal programs immediately after they become void.
<b>Recommendation</b>	The institution should ensure its procedures are adequate to timely identify and return unclaimed Title IV HEA funds before those funds would otherwise escheat, but no later than 180 days after the date a check is written. Also, for the checks that are printed with "void after 12 months," the institution should notify the students of USED's escheat policy of 180 days.
<b>UF Response and Corrective Action Plan</b>	The University has now changed its policy to returning funds after 180 days rather than after 12 months. The new checks with the 180 day requirement were put in use in September 2006. Our existing policy is to send notices to students after three months if they have not cashed their financial aid checks. We will send an additional notice to those with checks outstanding that stated "void after 12 months," encouraging the students to cash their checks timely.
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Assistant Vice President and Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	February 28, 2007



**University of North Florida (UNF)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-089, we noted that the institution did not have adequate procedures to prevent Title IV HEA funds from escheating to a third-party, State, or institutional coffers, and we identified \$18,924 that the institution needed to return to applicable Federal programs and lenders.  During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006.
<b>Cause</b>	Implementation of new accounting and student records systems delayed the institution from timely returning Federal Title IV HEA funds to the applicable Federal programs and lenders.
<b>Recommendation</b>	The institution should continue its efforts to implement revised procedures to ensure the prompt return to Federal programs or lenders of unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. After the revised procedures have been fully implemented, the institution should ensure all Title IV HEA funds contained in nonnegotiated checks are returned to the applicable Federal programs or lenders.
<b>UNF Response and Corrective Action Plan</b>	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. New procedures have now been 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, all applicable funds have been returned to the applicable programs and lenders.
<b>UNF Contact and Telephone Number</b>	Martha Roberts, Assoc. Controller (904) 620-2989
<b>Estimated Corrective Action Date</b>	Completed

**University of West Florida (UWF)**

<b>Condition</b>	Our test of ten checks containing Title IV HEA funds, included on the institution's April 30, 2006, list of nonnegotiated checks, disclosed the following: <ul style="list-style-type: none"> <li>• As of July 20, 2006, the institution had not returned two checks (dated September 14, 2005, and September 23, 2005) totaling \$1,036.65 (FDSL subsidized). Subsequent to audit inquiry, the institution returned the \$1,036.65 to the FDSL program on August 15, 2006, and July 27, 2006, 335 and 307 days after the checks were written.</li> <li>• Another two checks totaling \$3,542.18 (\$213.18 FDSL subsidized and \$3,329 FDSL unsubsidized) were reissued. Although the checks were reissued in the same award year, the reissuance was done 233 and 299 days after the checks were written.</li> </ul>
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.

<b>Recommendation</b>	The institution should promptly return to applicable Federal programs unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>UWF Response and Corrective Action Plan</b>	The University's current policy is to review all checks on the Netcheck Bank Account Outstanding List once the monthly Netcheck Reconciliation is complete. Student Accounts makes every effort to contact students who have checks with large dollar amounts that are still outstanding after 60-90 days. Once checks become stale-dated (180 days) and it is determined that a check contains Federal funds, the funds are deposited back into the appropriate Federal program.
<b>UWF Contact and Telephone Number</b>	Controller, Colleen Asmus (850) 474-2642
<b>Estimated Corrective Action Date</b>	Fall 2006

**Brevard Community College (BrvCC)**

<b>Condition</b>	Our test of 20 checks containing Title IV HEA funds, included on the institution's June 30, 2006, list of nonnegotiated checks, disclosed the following: <ul style="list-style-type: none"> <li>• Eight unnegotiated checks totaling \$831.77 (\$325 FSEOG, \$223.35 FWS, and \$283.42 PELL) had not been returned to the applicable Federal programs. As of August 24, 2006, the checks had been unnegotiated from 293 to 948 days after the dates the checks were written.</li> <li>• Another five unnegotiated checks totaling \$2,311.73 (\$600 FSEOG, \$205.73 FFEL unsubsidized, and \$1,506 PELL) had been unnegotiated from 294 to 380 days after the dates the checks were written 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 or lenders.</li> </ul>
<b>Cause</b>	The institution had not established adequate procedures to timely identify nonnegotiated checks containing Title IV HEA funds and return such funds to the applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. Also, the institution should return \$831.77 to the applicable Federal programs and lenders.
<b>BrvCC Response and Corrective Action Plan</b>	The college has revised its procedures to ensure unclaimed FSA funds are returned to the applicable Federal program within the guidelines of the FSA Handbook. These procedural changes were implemented immediately after the condition was noted by the auditor in August 2006.  The college has returned \$831.77 to the applicable Federal Programs as of the date of this response.
<b>BrvCC Contact and Telephone Number</b>	Mark Cherry, AVP, Financial Services (321) 433-7031
<b>Estimated Corrective Action Date</b>	August 31, 2006

**Edison College (EC)**

<b>Condition</b>	The institution's June 30, 2006, list of nonnegotiated checks included 62 checks containing Title IV HEA funds totaling \$7,838.15 (\$600 FSEOG, \$1,266.08 FFEL unsubsidized, and \$5,972.07 PELL). These checks were dated between January 17, 2003, and September 23, 2004. Subsequent to our inquiry, Title IV HEA funds
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	contained in these checks were returned to the applicable Federal programs and lenders July 12, 2006 (50 checks), and July 14, 2006 (12 checks), from 659 to 1,272 days after the checks were written.
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to the applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>EC Response and Corrective Action Plan</b>	The College has developed a procedure to review all checks that have been outstanding for 3 months. All outstanding checks are reviewed by the College Bursar to determine if the check was from a Title IV HEA program. The College will contact the payor through written communications. If there is no response from the payor within 60 days of the notification the funds are immediately returned to the Title IV HEA program.
<b>EC Contact and Telephone Number</b>	Gina Doeble (239) 489-9029
<b>Estimated Corrective Action Date</b>	July 2006
	<b><u>Florida Community College at Jacksonville (FCCJ)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	Although the institution had implemented procedures to prevent Title IV HEA funds from escheating to a third party, our review of 19 checks containing Title IV HEA funds, included on the institution's March 31, 2006, list of nonnegotiated checks, disclosed the following for 14 checks: <ul style="list-style-type: none"> <li>• Eight checks totaling \$4,380.65 (\$2,298.85 FFEL subsidized, \$1,220.96 FFEL unsubsidized, and \$860.84 PELL) were returned to the applicable Federal program or lender from 191 to 261 days after the checks were written.</li> <li>• Two checks totaling \$440.33 (\$253.47 FFEL subsidized and \$186.86 FFEL unsubsidized) were cashed by the bank 192 and 250 days, respectively, after the checks were written.</li> <li>• Three checks totaling \$881.14 (\$159.89 FFEL unsubsidized and \$721.25 PELL) were reissued in the 2005-06 award year 196, 203, and 224 days after the initial checks were written.</li> <li>• One \$332.25 Pell grant check was reissued in a subsequent award year, 192 days after the initial check was written.</li> </ul>
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>FCCJ Response and Corrective Action Plan</b>	Florida Community College at Jacksonville considers this audit finding fully corrected. As recommended, the College has established procedures to return unclaimed Title IV funds to the Title IV HEA program or lender within 180 days. These procedures were changed to incorporate clarification and additional guidance on escheating time requirements received by the Auditor General's Office on June 30, 2006. The stale-dated checks referenced in the audit have been corrected. The College does not currently have any checks resulting from

	unclaimed Title IV HEA funds that are more than 180 days old.
<b>FCCJ Contact and Telephone Number</b>	Yvonne Horner, Associate Vice President of Financial Services (904) 632-3251
<b>Estimated Corrective Action Date</b>	August 16, 2006
	<b><u>Florida Keys Community College (FKCC)</u></b>
<b>Condition</b>	Our review of the institution's June 30, 2006, list of nonnegotiated checks disclosed 9 checks containing Title IV HEA funds totaling \$4,781.53 (\$200 FSEOG and \$4,581.53 PELL) that had not been timely returned to the applicable Federal programs although, as of September 25, 2006, the checks had remained unnegotiated from 326 to 1,350 days after the dates the checks were written. These checks were written between January 14, 2003, and November 3, 2005.
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. In addition, the institution should return \$4,781.53 (\$200 FSEOG and \$4,581.53 PELL) to the applicable Federal programs.
<b>FKCC Response and Corrective Action Plan</b>	The institution has returned the unclaimed Title IV HEA funds to the respective Federal programs. In addition, the institution has implemented new procedures to ensure that all unnegotiated Title IV HEA funds are identified in a timely manner and returned to the appropriate Federal program within 180 days of the check date.
<b>FKCC Contact and Telephone Number</b>	Brittany P. Snyder (305) 809-3233
<b>Estimated Corrective Action Date</b>	November 21, 2006
	<b><u>Gulf Coast Community College (GCCC)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	Our review of the institution's June 30, 2006, list of nonnegotiated checks disclosed 17 checks containing Title IV HEA funds totaling \$2,183.65 (\$301.68 FSEOG, \$465.46 FFEL subsidized, \$75.26 FFEL unsubsidized, \$8.70 FWS, and \$1,332.55 PELL) that had not been returned to the applicable Federal programs or lenders although the checks had remained unnegotiated from 238 to 638 days after the dates the checks were written.
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should enhance its procedures to ensure the timely identification and return of unclaimed Title IV HEA funds before those funds would otherwise escheat, but no later than 180 days after the date a check is written. In addition, the institution should return \$2,183.65 to the applicable Federal programs and lenders.
<b>GCCC Response and Corrective Action Plan</b>	The college has implemented procedures to identify nonnegotiated Title IV checks to ensure prompt return of unclaimed funds to the applicable Federal programs or lenders. Nonnegotiated checks will be monitored and appropriate steps will be continually taken to locate the intended recipient in an effort to ensure the funds

are delivered to the appropriate party. Once the monthly bank statements have been reconciled, any nonnegotiated checks that have been outstanding 180 days as of that month will be returned within a few days to the appropriate Federal programs or lenders. Checks that are returned to the college will also be returned to the appropriate programs or lenders within a few days of their receipt unless the appropriate recipient can be located and is still entitled to the funds.

All funds identified in the audit that are due back to the Federal programs or lenders will be returned no later than November 30, 2006.

**GCCC Contact and Telephone Number**

John D. Mercer, Dean of Business Affairs  
(850) 872-3842

**Estimated Corrective Action Date**

November 30, 2006

**Indian River Community College (IRCC)**

**Condition**

Our review of the institution's June 28, 2006, list of nonnegotiated checks disclosed 28 checks containing Title IV HEA funds totaling \$5,836.60 (\$15 FSEOG and \$5,821.60 PELL) that had not been timely returned to the applicable Federal programs. These checks were dated between January 24, 2005, and February 9, 2006. Subsequent to our inquiry, Title IV HEA funds contained in these checks were returned to the applicable Federal programs on October 2, 2006, 235 to 616 days after the checks were written.

**Cause**

The institution was unaware of this requirement.

**Recommendation**

The institution should enhance its procedures to ensure the timely identification and return of unclaimed Title IV HEA funds before those funds would otherwise escheat, but no later than 180 days after the check is written.

**IRCC Response and Corrective Action Plan**

Historically, Indian River Community College followed State of Florida Statutes, Chapter 717: "Disposition of Unclaimed Property," and Florida Administrative Procedure, 691-20: "Unclaimed Property," in regards to outstanding, stale-dated student checks. During the audit period, all unclaimed Title IV student monies were returned to the Federal Department of Education using the deadlines established in the aforementioned State of Florida Laws, Rules, and Procedures.

Beginning September 12, 2006, Indian River Community College instituted procedures both to identify outstanding stale-dated Federal Title IV refund checks and to return those monies to the Federal Department of Education within one hundred eighty (180) days. A report, "Checks Identified As Stale Over 90 Days", has been created. When checks have been outstanding 90 days, Accounts Receivable attempts to make contact with the student to determine if a check should be reissued. If the monies should be returned to the Federal Department of Education, the funds will be returned within 180 days.

**IRCC Contact and Telephone Number**

Barry Keim, Vice President of Administration and Finance  
(772) 462-4705

**Estimated Corrective Action Date**

September 12, 2006

**Miami Dade College (MDC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-089

**Condition**

Our review of the institution's June 30, 2006, list of nonnegotiated checks disclosed 20 checks containing \$20,188.45 of Pell grant program funds that had not been timely returned to the program. As of September 1, 2006, the institution had not returned \$9,573.22 (PELL) for 10 of these checks although the checks had remained unnegotiated from 403 to 590 days after the dates the checks were written. In addition, 5 of the checks totaling \$5,217.88 were cashed by the

students 277 to 560 days after the checks were written; and subsequent to audit inquiry, the other 5 checks, totaling \$5,397.35 were cancelled and reissued to the students 480 to 576 days after the checks were issued.

A similar finding was noted in report No. 2006-152, finding No. FA 05-089, for which the institution, in the 2005-06 fiscal year SSPAF indicated a status of "Finding Does Not Warrant Further Action." However, as noted in the previous paragraph, the institution still had not established procedures to timely identify unnegotiated checks containing Title IV HEA funds and return such funds to the programs. Also, for a finding not to warrant further action, the following conditions must be met:

- a. Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse,
- b. The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
- c. A management decision was not issued.

As none of the aforementioned requirements have been met, it is not apparent how the institution could conclude that the prior audit finding does not warrant further action.

**Cause**

The institution had not established adequate procedures to identify unnegotiated checks containing Title IV HEA funds and return such funds to the applicable Federal programs or lenders within 180 days of the checks being written.

**Recommendation**

The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. Also, the institution should return \$9,573.22 to the Pell grant program.

**MDC Response and  
Corrective Action Plan**

The College disagrees with this finding. This response is a reiteration of that of the prior year, as well as that of several other Community Colleges. To date, the College has not received a FDOE Determination Letter that refutes this position from the prior year.

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) and remits funds on an annual basis in accordance with Florida Statutes. 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 \$20,188) 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 as of June 30, 2006.

The numerous automated and manual controls (including on-line, real time reconciliations) established by the College in conjunction with our banking

institution prevents these monies from being diverted or used for any purposes other than those for which they were intended.

Although the College did indicate a status of "Finding Does Not Warrant Further Action" within the Summary of Prior Audit Findings (SSPAF), the State University and Community College Instructions also provide that "there may be other valid reasons for a finding not to warrant further corrective action (e.g., a regulatory revision)" and "such reasons should be stated in the SSPAF" which was completed by the College as requested.

**MDC Contact and Telephone Number**

Gregory Knott, AVP - Accounting and Student Services  
(305) 237-0825

**Estimated Corrective Action Date**

Not applicable.

**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)." 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 its date. 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 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.

**Palm Beach Community College (PBCC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-089

**Condition**

In our report No. 2006-152, finding No. FA 05-089, we noted that the institution did not have adequate procedures to ensure that Title IV HEA funds did not escheat to a third-party, State, or institutional coffers, and we identified \$24,306 that the institution needed to return to applicable Federal programs and lenders.

During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006, and that the institution was still in the process of returning to the applicable Federal programs and lenders the \$24,306 of unreturned funds identified during the 2004-05 fiscal year audit.

**Cause**

The institution needed additional time to update automated systems, and to test the effectiveness of the updates.

**Recommendation**

The institution should continue its efforts to implement revised procedures to ensure the prompt return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. After the revised procedures have been fully implemented, the institution should ensure all Title IV HEA funds contained in nonnegotiated checks are returned to the applicable Federal programs or lenders.

**PBCC Response and Corrective Action Plan**

PBCC has continued its efforts to segregate such source funding related issues. The College has updated its procedures, and similarly updated its programming to accommodate this process, and has instituted changes. Previous funds were manually identified, and are segregated for refunding to programs.

<b>PBCC Contact and Telephone Number</b>	James Duffie, Palm Beach Community College Controller (561) 868-3077
<b>Estimated Corrective Action Date</b>	January 8, 2007 and forward on a monthly basis.
<b><u>Polk Community College (PCC)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-089, we noted that the institution did not have adequate procedures to prevent Title IV HEA funds from escheating to a third party, State, or institutional coffers, and we identified \$1,865 that the institution needed to return to applicable Federal programs.  During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to the implementation of a new accounting system, the institution had not established adequate procedures to identify unnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs within 180 days of the checks being written.
<b>Recommendation</b>	The institution should continue its efforts to implement revised procedures to ensure that unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written are promptly returned to applicable Federal programs. In addition, unnegotiated checks containing Title IV HEA funds should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.
<b>PCC Response and Corrective Action Plan</b>	Effective August 2006, the College has implemented procedures to identify stale-dated checks from Title IV HEA funds on a monthly basis and any funds so identified are returned to the program. The College returned the \$1,865 in question to the Department on August 7, 2006, PCC Check #238845.
<b>PCC Contact and Telephone Number</b>	Ms. Teresa Vorous, Comptroller (863) 297-1089
<b>Estimated Corrective Action Date</b>	August 2006
<b><u>St. Johns River Community College (SJRCC)</u></b>	
<b>Condition</b>	Our review of the institution's June 30, 2006, list of nonnegotiated checks disclosed 8 checks containing Title IV HEA funds totaling \$1,575.31 (\$1.19 FFEL subsidized, \$664.82 FFEL unsubsidized, and \$909.30 PELL). These checks were dated between January 18, 2005, and October 6, 2005, however, the funds had not been returned to the applicable Federal programs or lenders as of October 30, 2006, 389 to 650 days after the checks were written.
<b>Cause</b>	The institution had not established adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to the applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. In addition, the institution should return \$1,575.31 (\$1.19 FFEL subsidized, \$664.82 FFEL unsubsidized, and \$909.30 PELL) to the applicable Federal programs and lenders.



<b>SJRCC Response and Corrective Action Plan</b>	All applicable funds have been returned to the Federal programs. Procedures have been developed and implemented to identify nonnegotiated checks containing Title IV HEA funds and return such funds to the applicable Federal programs on a timely basis.
<b>SJRCC Contact and Telephone Number</b>	Ms. Nancy Gonzalez, Comptroller (386) 312-4120
<b>Estimated Corrective Action Date</b>	November 15, 2006

**Santa Fe Community College (SFeCC)**

<b>Condition</b>	Our test of 20 checks, included on the institution's May 2006 list of nonnegotiated checks, disclosed 11 checks tested containing Title IV HEA funds that were not returned timely. The 11 checks were written during the period January 13, 2005, through November 30, 2005, totaled \$5,953.98 (\$2,941.17 FDSL subsidized, \$1,284.31 FDSL unsubsidized, and \$1,728.50 PELL), and were either returned (8 checks) or reissued (3 checks, \$1,318.50 PELL and \$273.75 FDSL subsidized) 188 to 406 days after the checks were written. Two of the reissued checks were reissued in the same award year and one check was reissued in the subsequent award year.
<b>Cause</b>	The institution's procedures for checks written prior to November 1, 2005, did not provide for the timely identification of unnegotiated checks containing Title IV HEA funds and return of such funds to applicable Federal programs within 180 days of the checks being written. The institution, for checks written November 1, 2005, or after, revised its procedures to help ensure that Title IV HEA funds were returned to the applicable Federal programs soon after the 180 <sup>th</sup> day after checks were written. The new procedures appear to be more effective as the number of days the checks written after November 1, 2005, were reissued or returned beyond the 180 <sup>th</sup> day (8, 15, and 16 days) was significantly less than that noted for the 8 exceptions related to checks written before November 1, 2005.
<b>Recommendation</b>	The institution should continue its efforts to promptly return to applicable Federal programs unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>SFeCC Response and Corrective Action Plan</b>	As recommended the College will continue to follow the procedures implemented for checks issued November 1, 2005, and after to ensure that Title IV HEA funds are remitted on a timely basis. Therefore, no further action is needed by the College at this time.
<b>SFeCC Contact and Telephone Number</b>	Ginger Gibson, Comptroller (352) 395-520
<b>Estimated Corrective Action Date</b>	Corrected November 1, 2005

**Seminole Community College (SCC)**

<b>Condition</b>	<p>Our test of 20 nonnegotiated checks containing Title IV HEA funds, disclosed the following:</p> <ul style="list-style-type: none"> <li>• Three checks totaling \$1,663 (\$400 FSEOG and \$1,263 PELL) were returned to the program from 186 to 189 days after the checks were written.</li> <li>• One check totaling \$2,429.48 (FFEL subsidized) was cancelled 199 days after it was written; however, as of August 31, 2006, 415 days after the check was written, the funds had not been returned to the lender.</li> </ul>
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<b>Cause</b>	The institution had not established adequate procedures to timely return nonnegotiated checks containing Title IV HEA funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. Also, the institution should return \$2,429.48 to the lender.
<b>SCC Response and Corrective Action Plan</b>	<p>Effective October, 2006, Seminole Community College revised its procedure for handling unclaimed property and began canceling checks at 150 days in order to ensure that Federal funds are returned no later than 180 days after the check is issued.</p> <p>The \$2,429.48 (FFEL subsidized) funds were returned to the lender on December 6, 2006.</p>
<b>SCC Contact and Telephone Number</b>	Robert E. Lynn, Director, Student Financial Resources (407) 708-2044
<b>Estimated Corrective Action Date</b>	Spring semester 2007
<b><u>Valencia Community College (VCC)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-089
<b>Condition</b>	We reviewed 25 checks included on the institution's June 30, 2006, list of nonnegotiated checks. We noted that 21 of the 25 checks reviewed contained Title IV HEA funds totaling \$16,484.30 (\$375 FSEOG, \$2,961.12 FFEL subsidized, \$3,098.74 FFEL unsubsidized, and \$10,049.44 PELL) that were returned late. Title IV HEA funds contained in 19 of these checks, dated January 2003 through December 2005, were returned to the applicable Federal programs and lenders from 194 to 1,097 days after the checks were written. Two of the 21 checks, written on September 22, 2005, and October 27, 2005, totaling \$664.99 PELL were applied to the students' current accounts on May 13, 2006, and July 10, 2006, 233 and 256 days after the checks were written.
<b>Cause</b>	The institution had not fully implemented adequate procedures to identify nonnegotiated checks containing Title IV HEA funds and return such funds to applicable Federal programs or lenders within 180 days of the checks being written.
<b>Recommendation</b>	The institution should fully implement procedures to promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written.
<b>VCC Response and Corrective Action Plan</b>	Valencia has revised its procedures to begin canceling unnegotiated Title IV HEA checks prior to the 180 day standard cancellation and return the outstanding funds to Title IV HEA following a newly developed example in the FSA Handbook for 2005-06.
<b>VCC Contact and Telephone Number</b>	Jackie Lasch (407) 582-3302
<b>Estimated Corrective Action Date</b>	February 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-085</b>
<b>CFDA Number</b>	84.038
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Perkins Loans (FPL)
<b>Compliance Requirement</b>	Cash Management – Interest Earnings
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – Unknown
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-095
<b>Finding</b>	FPL funds were not deposited into an interest-bearing bank account. In addition, the institution did not transfer any interest earned on FPL cash balances into the FPL program account during the 2005-06 fiscal year.
<b>Criteria</b>	34 CFR 674.8(a), Program Participation Agreement; 668.163(c)(1), Interest-bearing or Investment Account; 163(d)(i)/(ii), Accounting and Internal Control Systems and Financial Records; and FSA Handbook Volume 4 Chapter 3 (2005-06), Requesting and Managing FSA Funds
<b>Condition</b>	During our current audit we noted the following: <ul style="list-style-type: none"> <li>• Contrary to 34 CFR 668.163(c)(1), effective July 2005, the institution opened a new non-interest bearing bank account for FPL deposits, resulting in no interest earnings on FPL cash balances in the bank account.</li> <li>• In the prior fiscal year, the institution invested FPL funds in the State Treasury Special Purpose Investment Account (SPIA). In March 2005, the institution closed the FPL SPIA and moved the FPL funds into another SPIA used for operating funds; however, the amount of FPL funds that were contained in the cash balance of the prior SPIA were not identified as FPL funds in the new accounting and records systems. Consequently, no interest earned on such funds was allocated to the FPL program account.</li> </ul>
<b>Cause</b>	Institution personnel were not aware of the requirement that FPL funds be deposited into an interest-bearing or investment account, and the institution's accounting records did not identify FPL funds moved to the SPIA in March 2005.
<b>Effect</b>	When FPL funds are not deposited in an interest-bearing bank account and the interest earned on FPL funds is not properly calculated and timely transferred to the FPL program account, there is a reduction of funds available for student loans and administrative program expenses.
<b>Recommendation</b>	The institution should deposit FPL funds into an interest-bearing bank account. In addition, the institution should determine the FPL cash balance in the SPIA and record the cash balance into the FPL account in its accounting system. The institution should also calculate the amount of interest earned on FPL cash balances in bank and investment accounts and transfer interest earned into the FPL program account.
<b>FAMU Response and Corrective Action Plan</b>	The following has been implemented to compute the interest earned from the Federal Perkins Loan (FPL) and to allocate interest earned back into the program: <ol style="list-style-type: none"> <li>1. The University has opened a new interest bearing bank account for Federal funds. The FPL funds are held in the new bank account.</li> <li>2. All FPL transactions are captured in the general ledger (GL) and a FPL fund balance is calculated at the end of every month.</li> </ol>

3. The interest earned by the FPL for the month is computed as follows:

Monthly FPL Interest = (Beginning FPL balance from GL\* + Ending FPL Balance from GL)/2 x ( Monthly Bank Account Interest Rate)

\*Beginning FPL balance from GL for a given month =

(Ending balance from the previous month + monthly interest earned the previous month.)

For interest earned in FY 04-05 i.e., prior to the implementation of the system above, the University calculated the FPL interest using the above methodology except for the interest rate used. For FY 04-05, the University used the interest earned in its Special Purpose Investment Account (SPIA). SPIA is the account the University uses for all of its investments. The funds in SPIA are invested by the State of Florida.

The interest calculated for FY04-05 and FY05-06 has been allocated to the FPL account.

**FAMU Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

July 1, 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-086</b>
<b>CFDA Number</b>	84.007, 84.033, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Cash Management – Reconciliations
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-090
<b>Finding</b>	The institution had not fully implemented procedures to ensure that Title IV HEA program accounts were reconciled 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.
<b>Criteria</b>	34 CFR 668.24(b), Fiscal Records; .163, Maintaining and Accounting for Funds; .166, Excess Cash; 675.19 and 676.19, Fiscal Procedures and Records; 685.102, Definitions; .309, Administrative and Fiscal Control and Fund Accounting Requirements; 690.81, Fiscal Control and Fund Accounting Procedures; .83, Submission of Reports; and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions Participating in the Federal Student Aid Programs)</u> .
<b>Condition</b>	<p>In our report No. 2006-152, finding No. FA 05-090, we noted that the institution did not perform comprehensive monthly reconciliations of its 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 the institution's reconciliations did not contain evidence of supervisory review.</p> <p>During our current audit, we were advised by institution personnel that the institution was in the process of implementing procedures to ensure that the required reconciliations are performed, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.</p>
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to provide for the required reconciliations.
<b>Effect</b>	When monthly reconciliations are not performed and reconciling items are not resolved, 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 accounts affect the amount and timing of drawdown requests from USED and could result in excess cash.
<b>Recommendation</b>	The institution should continue its efforts to revise its reconciliation process and enhance controls to ensure that accurate and complete reconciliations of GAPS and COD data to the institution's accounting records are performed each month for Title IV HEA program accounts. In addition, reconciliations for the 2005-06 fiscal year should be completed and unreconciled items resolved.

**FAMU Response and  
Corrective Action Plan**

Reconciliation procedures have been enhanced to ensure the GAPS and COD reconciliations are performed and completed monthly for the 06/07 fiscal year. The reconciliations will be submitted to the Assistant Controller for review monthly. Reconciliations will be submitted to Office of Financial Aid for review and clearing before the programs end. The Office of Financial Aid along with Student Financial Services is working to have each office reconcile, make adjustments, and then transmit accurate figures to the general ledger.

**FAMU Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

July 1, 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-087</b>
<b>CFDA Number</b>	84.007, 84.033, and 84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Cash Management – Reconciliations
<b>State Educational Entity</b>	<b>Florida International University (FIU)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-091
<b>Finding</b>	During the 2005-06 award 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 until May 2006. As a result, periods of excess cash of Title IV Higher Education Act (HEA) funds were maintained for one of three programs tested, and interest earned, greater than \$250, on excess funds was not remitted to the U.S. Department of Education (USED).
<b>Criteria</b>	34 CFR 668.24(b), Fiscal Records; .163, Maintaining and Accounting for Funds; .166, Excess Cash; 675.19 and 676.19, Fiscal Procedures and Records; 690.81, Fiscal Control and Fund Accounting Procedures; .83, Submission of Reports; and the USED's <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions Participating in the Federal Student Aid Programs)</u>
<b>Condition</b>	For three Title IV HEA programs (FSEOG, FWS, and PELL), we noted the following: <ul style="list-style-type: none"> <li>• Monthly reconciliations between GAPS and the institution's accounting records to monitor cash balances were not performed until May 2006. However, the May 2006 reconciliation only compared ending cash balances to expected program disbursements to determine the amount of the drawdown request, and, therefore, it was not a complete reconciliation that showed all reconciling items that needed to be resolved.</li> <li>• For the Pell grant program, during the months of July and August 2005, the institution maintained positive cash balances that ranged from \$91,932.75 to \$824,390.88. Although institution personnel indicated that these amounts were held during a peak period that would allow excess cash up to 3% of the prior fiscal year's drawdowns, the excess cash exceeded the threshold limits and was not eliminated within seven days, contrary to Federal regulations. Consequently, the excess balances resulted in interest earnings of \$2,039.48. Interest earned of \$1,789.48 (\$2,039.48 less \$250 allowed) had not been remitted to USED as of October 26, 2006.</li> </ul>
<b>Cause</b>	The institution did not have adequate procedures to perform monthly reconciliations between GAPS and the institution's accounting records to ensure that funds requested did not exceed immediate cash needs.
<b>Effect</b>	When monthly reconciliations are not performed and reconciling items are not identified and resolved, the institution has limited assurance that information in GAPS agrees to its accounting records, and errors or omissions may occur and not be detected in a timely manner. Also, inaccuracies in amounts recorded in the institution's program accounts affect the amount and timing of drawdown requests

	from USED and could result in excess cash, and interest may be earned and not remitted.
<b>Recommendation</b>	The institution should enhance its procedures to ensure that monthly reconciliations of GAPS to the institution's accounting records are properly performed and that any differences are resolved. The institution should also ensure that drawdowns of Title IV HEA funds are monitored and limited to immediate cash needs, and interest earned on excess funds should be calculated and remitted, as applicable, to USED. In addition, the institution should remit the interest earned on excess funds totaling \$1,789.48 to USED.
<b>FIU Response and Corrective Action Plan</b>	Effective on May 2006, prior to any Federal fund drawdown, data from GAPS, the Ledger, and the Financial Aid System are reconciled. Additionally, source documents (screen prints from GAPS, the Ledger, the Financial Aid System, and Journals in process but not yet posted), and GAPS drawdown requests, are used to determine if GAPS drawdowns, aid disbursements, ledger expenditures, and ledger revenues are in agreement.  University management is in the process of remitting the interest earned to USED.
<b>FIU Contact and Telephone Number</b>	Francisco Valines, Director Financial Aid (305) 348-2333
<b>Estimated Corrective Action Date</b>	Monthly Reconciliations - Corrected Return of Excess Funds - Partially corrected, Expected Completion February 2007



## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-088</b>
<b>CFDA Number</b>	84.007, 84.033, and 84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Cash Management – Reconciliations
<b>State Educational Entity</b>	<b>Polk Community College (PCC)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-093
<b>Finding</b>	The institution had not fully implemented procedures to ensure that Title IV Higher Education Act (HEA) program accounts were reconciled 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.
<b>Criteria</b>	34 CFR 668.24(b), Fiscal Records; .163, Maintaining and Accounting for Funds; .166, Excess Cash; 675.19 and 676.19, Fiscal Procedures and Records; 690.81, Fiscal Control and Fund Accounting Procedures; .83, Submission of Reports; and the U.S. Department of Education's (USED) <u>The Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions Participating in the Federal Student Aid Programs)</u> .
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-093, we noted that the institution did not perform comprehensive monthly reconciliations of its Title IV HEA accounts to GAPS and the institution's accounting records during the 2004-05 fiscal year.  During our current audit, we were advised by institution personnel that the institution was in the process of implementing procedures to ensure that the required reconciliations are performed, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to inadequate staffing and the implementation of a new accounting system, the institution had not yet implemented adequate procedures to provide for the required reconciliations.
<b>Effect</b>	When monthly reconciliations are not performed and reconciling items are not resolved, 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 accounts affect the amount and timing of drawdown requests from USED and could result in excess cash.
<b>Recommendation</b>	The institution should continue its efforts to revise its reconciliation process and enhance controls to ensure that accurate and complete reconciliations of GAPS and COD data to the institution's accounting records are performed each month for Title IV HEA program accounts. In addition, reconciliations for the 2005-06 fiscal year should be completed and unreconciled items resolved.
<b>PCC Response and Corrective Action Plan</b>	The College has completed monthly reconciliations between the GAPS, COD, Financial Aid and Accounting records for the 2005-06 fiscal year and implemented procedures to ensure that monthly reconciliations of Title IV HEA programs are performed and any unreconciled items are resolved. Reconciliations for the 2006-07 year have been completed through December 2006.

**PCC Contact and  
Telephone Number**

Ms. Olivia Maultsby, Director of Financial Aid  
(863) 297-1004

**Estimated Corrective  
Action Date**

July 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-089</b>
<b>CFDA Number</b>	84.007, 84.033, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study (FWS) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Eligibility – Overawards/Underawards
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$47,941 (\$5,000 FSEOG, \$2,136 FWS, \$9,618 PELL, \$11,073 FDSL subsidized, and \$20,114 FDSL unsubsidized) (Underaward \$775 PELL)
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-096
<b>Finding</b>	The institution did not always review and approve time worked; did not always review and document satisfactory academic progress and FSEOG eligibility prior to Title IV Higher Education Act (HEA) funds disbursements; did not always check enrollment status for FDSL loan borrowers; awarded students who were in default on FDSL student loans; awarded amounts in excess of the aggregate FDSL loan limits; and paid excess PELL grant amounts. Additionally, the institution did not recalculate PELL and pay a student the full-time PELL grant for which the student was entitled.
<b>Criteria</b>	34 CFR 668.32, Student Eligibility-General; .34, Satisfactory Progress; and .35, Student Debts Under the HEA and to the U.S.; 673.5, Overawards; 675.19, fiscal Procedures and Records; 685.200, Borrower Eligibility; and .203, Loan Limits; 690.63, Calculation of a Federal Pell Grant for a Payment Period; .79, Recovery of Overpayments; and .80, Recalculations of a Federal Pell Grant Award
<b>Condition</b>	For 13 of 20 students tested, who received Title IV HEA funds, the following errors were disclosed: <ul style="list-style-type: none"> <li>• 1 student was paid FWS funds for more hours than listed on their timesheet and was also paid for work during an unauthorized period, resulting in overawards totaling \$387 FWS.</li> <li>• 1 student did not meet satisfactory academic progress and was ineligible to receive Title IV HEA funds, resulting in overawards totaling \$11,973 (\$1,749 FWS, \$4,050 PELL, \$3,500 FDSL subsidized, and \$2,674 FDSL unsubsidized).</li> <li>• 4 students were ineligible to receive FDSL unsubsidized and FSEOG, resulting in overawards totaling \$16,500 (\$4,000 FSEOG and \$12,500 FDSL unsubsidized). These students incorrectly reported on the Free Application for Federal Student Aid that they were graduate students when they were actually undergraduate students.</li> <li>• 1 student withdrew from the institution prior to their Title IV HEA funds disbursements, resulting in overawards totaling \$3,775 (\$2,025 PELL and \$1,750 FDSL subsidized).</li> <li>• 2 students in default on prior FDSL student loans were ineligible for additional Title IV HEA funds, resulting in overawards totaling \$9,549 (\$1,000 FSEOG, \$1,924 PELL, \$2,625 FDSL subsidized, and \$4,000 FDSL unsubsidized).</li> </ul>

- 1 student exceeded the aggregate FDSL loan limit, resulting in overawards totaling \$2,826 (\$1,886 FDSL subsidized and \$940 FDSL unsubsidized).
- 1 student received Title IV HEA funds for a term they were not enrolled in, resulting in overawards totaling \$2,831 (\$1,519 PELL and \$1,312 FDSL subsidized).
- 1 student was overawarded PELL by \$100 when the Estimated Family Contribution was revised and the institution did not adjust the PELL award.
- 1 student was underawarded PELL by \$775 when PELL was not recalculated for full-time enrollment.

**Cause**

Overawards appeared to have been caused by employee 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 and documentation 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 to ensure that awards of Title IV HEA funds are properly determined and documented. Also, the institution should return \$47,941 (\$5,000 FSEOG, \$2,136 FWS, \$9,618 PELL, \$11,073 FDSL subsidized, and \$20,114 FDSL unsubsidized) to the appropriate Federal programs, and pay the remaining \$775 PELL grant award to the student who was underawarded.

**FAMU Response and  
Corrective Action Plan**

Over the past year, the University has developed measures that drastically reduced the number of instances in which over and under-disbursements occur during the financial aid process. As discussed with the auditors during the exit conference, the extremely high rate of non-compliance reflected in the state auditor's results were of grave concern to the University, especially given the new procedures put in place, administrative management, and the emphasis staff placed on alleviating these conditions. To follow-up, the University took its own random sample of the 2005-06 financial aid files checking for the same HEA Title IV compliance concerns and found a significantly different result. The University's sample showed that, out of the twenty student files sampled, none were found to be non-compliant. Accordingly, while we accept the finding of the state auditors, we do not feel that the error rate reflected in the finding is necessarily representative of the eligibility compliance of our entire financial aid population.

The University is in the process of returning the \$47,941 in questioned costs. Further, the University has implemented new procedures to ensure the correct processing of awards to avoid over and under-awards. We are also closely monitoring the output award and disbursement files to further strengthen the compliance in this area. We will continue to work to address system and timing issues.

**FAMU Contact and  
Telephone Number**

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

**Estimated Corrective  
Action Date**

January 31, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-090</b>
<b>CFDA Number</b>	84.032
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL)
<b>Compliance Requirement</b>	Eligibility – Overawards
<b>State Educational Entity</b>	<b>University of Central Florida (UCF)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$1,896 FFEL unsubsidized
<b>Finding</b>	The institution awarded FFEL student loans that were greater than the student's cost of attendance (COA).
<b>Criteria</b>	34 CFR 682.204(k), Maximum Loan Amounts
<b>Condition</b>	For 20 students tested, 19 received Title IV Higher Education Act (HEA) funds. For 2 of the 19 students, the institution awarded FFEL unsubsidized loans that exceeded the COA by a total of \$1,896.
<b>Cause</b>	The overawards were caused by student financial aid system errors in which the system did not generate error reports for the Office of Financial Aid to review and resolve potential overawards when a student's COA was adjusted due to enrollment status changes after the initial award was made.
<b>Effect</b>	When institutions overaward Title IV HEA funds, institutions may be required to return institution funds to repay the Federal programs or lenders. In response to our inquiry, the institution refunded the overawarded funds and established receivables due from the students for the overaward amounts.
<b>Recommendation</b>	The institution should strengthen its procedures to ensure that awards of Title IV HEA funds are properly determined. In addition, the institution should review their records for the 2005-06 award year to determine if other students were overawarded as a result of the system errors that occurred, and return funds to the applicable Federal programs or lenders.
<b>UCF Response and Corrective Action Plan</b>	We are currently reviewing Title IV recipients to identify and correct any overawards that may exist for 2005-2006. For any overawards identified, we will then adjust the awards and return funds according to regulations. We are reviewing our process and testing an additional program that will identify overawards in advance of disbursements.
<b>UCF Contact and Telephone Number</b>	Mary McKinney, Executive Director, Student Financial Assistance (407) 823-2827
<b>Estimated Corrective Action Date</b>	March 1, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-091</b>
<b>CFDA Number</b>	84.007, 84.032, 84.033, and 84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster</b> Federal Supplemental Educational Opportunity Grant (FSEOG) Federal Family Education Loans (FFEL) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Eligibility
<b>State Educational Entity</b>	<b>University of North Florida (UNF)</b>
<b>Finding Type</b>	Reportable Condition
<b>Finding</b>	The institution had not performed a sufficient review of the appropriateness of individual user's system access, including those involved in the awarding and processing of Title IV Higher Education Act (HEA) program funds.
<b>Criteria</b>	34 CFR 668.16(c)(1), Standards of Administrative Capability
<b>Condition</b>	The institution implemented new student and financial aid modules of its enterprise resource planning (ERP) system for the 2005-06 award year, which impacted internal controls for processing of student information. The institution had not, of record, performed an assessment of the appropriateness of individual user access to the ERP system resources, and student and financial aid modules, relating to administration of Title IV HEA programs. Several employees had the ability to access or modify applications or data related to Title IV HEA programs that were inconsistent with their job responsibilities or resulted in an inadequate separation of duties. A similar finding was noted in our operational audit report No. 2006-064.
<b>Cause</b>	The institution had not implemented adequate procedures to periodically review the appropriateness of individual user access to ERP applications, including the modules that process and maintain information relating to Title IV HEA programs.
<b>Effect</b>	Without adequate access controls for system applications, there is an increased risk that Title IV HEA funds could be subject to theft, misappropriation, or processing errors. Errors may be caused by the improper use of or manipulation of data files, or improper use of computer resources.
<b>Recommendation</b>	The institution should ensure that ERP user access and update capabilities are limited to those functions that are required for performance of assigned duties and provide for an adequate separation of duties in the administration of Title IV HEA programs. Also, the institution should perform periodic reviews of actual individual user access to the ERP system and applications to identify and correct any inappropriate access.
<b>UNF Response and Corrective Action Plan</b>	The Enrollment Services Compliance Office has begun a monthly monitoring process to ensure that the access granted to employees is appropriate for their job responsibilities. Reports will be sent to appropriate offices confirming that the employees still reside in their respective departments and require access to perform their job responsibilities
<b>UNF Contact and Telephone Number</b>	Janice Nowak (904) 620-1043
<b>Estimated Corrective Action Date</b>	January 30, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-092</b>
<b>CFDA Number</b>	84.063 and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Eligibility
<b>State Educational Entity</b>	<b>University of West Florida (UWF)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$11,622.54 (\$321 PELL, \$9,631 FDSL subsidized, \$200 FDSL unsubsidized, and \$1,470.54 FDSL PLUS)
<b>Finding</b>	Prior to the first day of classes and before the end of drop/add, the institution disbursed Title IV Higher Education Act (HEA) funds to six students who subsequently dropped all courses. As a result, Title IV HEA funds were disbursed to ineligible students.
<b>Criteria</b>	34 CFR 668.32(a)(1), Student Eligibility-General; 685.200, Borrower Eligibility; and .303, Processing Loan Proceeds; 690.79, Recovery of Overpayments; and 690.80(b), Change in Enrollment Status
<b>Condition</b>	The institution disbursed Title IV HEA funds to six students who subsequently dropped all courses during the drop/add period, which occurs during the first week of classes each semester. Two of the six students were from the Fall 2005 term and four of the six students were from the Spring 2006 term. When the students dropped their courses, the institution restored institutional charges to the applicable Federal programs, and set up accounts receivable for each of the students for the remaining Title IV HEA funds disbursed to the students. It is the institution's practice to carry the student receivable until it is paid by the student or until the end of the fiscal year before restoring the Title IV HEA funds to the applicable Federal programs. Subsequent to audit inquiry, on August 2, 2006, and August 8, 2006, the institution restored the Title IV HEA funds totaling \$11,622.54 (\$321 PELL, \$9,631 FDSL subsidized, \$200 FDSL unsubsidized, and \$1,470.54 FDSL PLUS) to the applicable Federal programs.
<b>Cause</b>	The institution's procedures did not provide for the prompt return of all Title IV HEA funds to the applicable Federal programs when a registered student drops all classes and is not eligible for Federal aid.
<b>Effect</b>	The institution retained Title IV HEA funds that should have been returned to the applicable Federal programs.
<b>Recommendation</b>	The institution should enhance its procedures to ensure that Title IV HEA funds are returned to the applicable Federal programs promptly upon determining the student is ineligible.
<b>UWF Response and Corrective Action Plan</b>	A new procedure was implemented to ensure ineligible Title IV funds are returned promptly to the Federal program. When a student drops classes and a Return of Title IV funds is required, the University will promptly return the funds to the applicable Federal program.
<b>UWF Contact and Telephone Number</b>	Controller, Colleen Asmus (850) 474-2642
<b>Estimated Corrective Action Date</b>	Fall 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-093</b>
<b>CFDA Number</b>	84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Disbursements
<b>State Educational Entity</b>	<b>Miami Dade College (MDC)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-099
<b>Finding</b>	The PELL disbursement date in the institution's records did not always agree with the Common Origination and Disbursement (COD) System's disbursement date as required by U.S. Department of Education (USED) regulations and technical references. Additionally, the institution did not accurately state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).
<b>Criteria</b>	34 CFR 690.83, Submissions of Reports; COD technical reference, and OMB Circular A-133, Subpart C, Section .315, Audit Follow-up  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.
<b>Condition</b>	For 26 of 29 PELL recipients tested, the disbursement dates reported in COD were 8 to 9 days after the actual disbursement date for the Fall 2005 term, and for the Summer 2006 term, the date reported to COD was 13 days prior to the actual disbursement date for 1 student.  A similar finding was noted in our report No. 2006-152, finding No. 05-099, for which the institution, in the SSPAF, indicated a status of "Fully Corrected." However, as noted in the previous paragraph, the institution had not taken corrective action to ensure agreement between the PELL disbursement date in the institution's records and the COD disbursement date.
<b>Cause</b>	The institution had not implemented adequate procedures to reconcile the PELL disbursement dates reported to COD with the institution's own disbursement records.
<b>Effect</b>	The level of PELL authorization for an institution is affected by the accuracy with which the PELL disbursement dates are reported to COD. Also, the USED may impose a fine on the institution if the institution fails to comply with USED regulations or COD technical references.
<b>Recommendation</b>	The institution should enhance its procedures to ensure that the information provided to USED through COD is accurate.
<b>MDC Response and Corrective Action Plan</b>	The College, as noted in the prior audit, had transmitted incorrect disbursement dates as a result of a System error. This error was corrected prior to the end of the Fall 2005 term and prior to the release of the prior Audit Report (thus errors will still be noted within the Fall term).  The 13 day gap related to the one student identified in the Summer 2006 term reflects an additional system/edit control which is designed to identify any potential errors, overpayments, etc., within the Systems prior to issuing a voucher. Reviewing and clearing this edit report may add several days to the job sequence, but prevents any error in disbursement from occurring in relatively rare and unique situations (e.g., name change due to divorce). In this case, the additional control



implemented will cause a technical deviation in dates, but more importantly, prevents erroneous disbursement from occurring.

Due to the College's volume of Pell disbursements, the highest in the Nation, the College has some unique control procedures that may not be required at smaller institutions, and will explore means to force the system dates to be in agreement for such highly irregular situations where packaged software controls will not be effective.

**MDC Contact and  
Telephone Number**

Gregory Knott, AVP - Accounting and Student Services  
(305) 237-0825

**Estimated Corrective  
Action Date**

Fall 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-094</b>
<b>CFDA Number</b>	84.032, 84.038 and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Disbursements
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	Three institutions had not fully implemented procedures to document the required notification of student or parent FFEL, FDSL, or student FPL borrowers, within 30 days before or after crediting a student's account with FFEL, FDSL, or FPL funds.
<b>Criteria</b>	34 CFR 668.165, Notices and Authorizations
<b>Effect</b>	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.
	<b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-100
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-100, we noted that the institution did not always document the required disbursement notification of FDSL and FPL loan borrowers during the 2004-05 fiscal year.  During our current audit, we were advised by institution personnel that the institution was in the process of implementing procedures to document the required notification of student or parent FDSL, or student FPL borrowers, within 30 days before or after crediting a student's account with FDSL or FPL funds, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to document the required notification of student or parent FDSL, or student FPL borrowers, within 30 days before or after crediting a student's account with FDSL or FPL funds.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures 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 the notification is documented.
<b>FAMU Response and Corrective Action Plan</b>	Effective FY 2006-2007 the University discontinued participation in the FDSL program and switched to the FFEL program. To comply with 34 CFR 668.165(a) the Office of Student Accounts will implement policies and procedures to: <ul style="list-style-type: none"> <li>I. Notify a Federal PLUS borrower when the institution credits the loan proceeds to the student's account;</li> <li>II. Inform FFEL borrowers whose loan proceeds are disbursed to the institution by master check or electronic funds transfer (EFT) and all Federal Perkins Loan borrowers of their right to cancel all or a portion of the loan;</li> </ul>

- III. Document requests by borrowers to cancel all or reduce a Federal Perkins Loan or an FFEL Program loan, including the borrower's deadline for making the request;
- IV. Notify the borrower of the outcome of a Federal Perkins Loan or FFEL Program loan cancellation request.

Should the crediting of a Federal PLUS to the student's account result in a Title IV credit balance on the student's account, the institution will obtain the borrower's authorization either to hold the loan proceeds on the student's account or to release them to the student. No authorization is required if the institution pays the credit balance to the borrower.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

**Palm Beach Community College (PBCC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-100

**Condition**

In our report No. 2006-152, finding No. FA 05-100, we noted that the institution did 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.

During our current audit, we were advised by institution personnel that the institution had not fully implemented such procedures during the 2005-06 fiscal year; but new procedures and automated processes are in place for full implementation beginning with the first award period of the 2006-07 academic year.

**Cause**

The institution relied on the Florida Community College Software Consortium to develop the procedures and automated processes needed for full implementation, which was not complete until the 2006-07 academic year.

**Recommendation**

The institution should monitor the new system implemented for the 2006-07 academic year to ensure the system results in full compliance with related regulations.

**PBCC Response and Corrective Action Plan**

We are monitoring this new system, and it appears fully compliant.

**PBCC Contact and Telephone Number**

David M. Bodwell, Director of Financial Aid  
(561) 868-3390

**Estimated Corrective Action Date**

First disbursement of 2006 Fall semester; September 27<sup>th</sup>.

**St. Petersburg College (SPC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-100

**Condition**

Beginning in 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 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 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 implemented electronic notification procedures of all required data utilizing the college-wide student e-

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	<p>mail system for all new loans disbursed effective March 13, 2006. For 30 students tested, 23 received FFEL loans for which notifications were required. Of the 23 students, 21 had loans disbursed prior to March 13, 2006, for which students' notifications were not done; however, for the 2 students that had loans disbursed on or after March 13, 2006, the required notice was provided.</p>
<b>Cause</b>	<p>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.</p>
<b>Recommendation</b>	<p>The institution should continue its efforts to timely provide the notifications to FFEL borrowers.</p>
<b>SPC Response and Corrective Action Plan</b>	<p>St. Petersburg College implemented an electronic notification of all required data utilizing the college-wide student e-mail system in March, 2006. Studies were conducted to determine the effectiveness of using student e-mail notifications; results indicated that students underutilized this service. Therefore, the College is currently developing a process to incorporate both e-mail and hard copy, through the postal service, notification of this data to enhance communication to the student.</p>
<b>SPC Contact and Telephone Number</b>	<p>Michael Meigs, Director of Student Accounting &amp; Business Systems (727) 341-3313</p>
<b>Estimated Corrective Action Date</b>	<p>March 13, 2006</p>

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-095</b>
<b>CFDA Number</b>	84.032, 84.038, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Return of Title IV Higher Education Act (HEA) Funds (Official Withdrawals)
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$31,548.94 (\$8,089.58 FFEL subsidized, \$12,072.87 FFEL unsubsidized, \$25.60 FPL, \$9,949.57 PELL, \$742.54 FDSL subsidized, and \$668.78 FDSL PLUS)
<b>Finding</b>	Eleven institutions did not always accurately calculate and timely return unearned Title IV HEA funds to 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, the National Student Loan Data System (NSLDS), and the U.S. Department of Education (USED) were not always timely notified of overpayments.
<b>Criteria</b>	34 CFR 668.22, Treatment of Title IV Funds When a Student Withdraws
<b>Effect</b>	The institution retained unearned Title IV HEA funds that should have been returned to applicable Federal programs and lenders. Additionally, in some cases, institutions returned funds in excess of the amounts that were unearned, and in other cases, the amounts students owed the institution were not always accurate.  <b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-102
<b>Condition</b>	In our report No. 2006-152, finding No. 05-102, we noted that the institution did not always accurately calculate and timely return unearned Title IV HEA funds to applicable Federal programs for those students who officially withdrew prior to the 60 percent point of the payment period. Although the institution's new accounting and records systems were intended to identify these students, calculate a return of Title IV HEA funds, and return the funds to the program, it did not function as intended.  During our current audit, we were advised by institution personnel that the institution was in the process of modifying its accounting and records systems to identify, accurately calculate, and timely return unearned Title IV HEA funds to applicable Federal programs for those students who officially withdrew prior to the 60 percent point of the payment period, but such modifications had not been completed by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures to ensure the identification of students who officially withdraw, and the accurate calculation of and timely return of funds to applicable Federal programs. In addition, official withdrawals for the 2005-06 award year should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.

**FAMU Response and Corrective Action Plan**

To comply with 34 CFR 668.22 and Section 668.173(b) (return of Title IV funds), the Office of Financial Aid has developed a procedure to coordinate the timely return of the institutional portion of unearned funds to the Title IV programs when a student withdraws before completing the period of enrollment. On a weekly basis, Financial Aid will run (FATIVRTN) a program from the student information system (PEOPLESOFT), which will compile a list of withdrawn students. A return of Title IV funds calculation will be performed to determine the institution's liability and if funds are required to be returned. Please note the calculations are performed using software delivered by the Department of Education and uploaded to PEOPLESOFT.

To determine the withdrawal date the following procedures are used:

For a student who provides notification to the institution of his or her withdrawal, the institution will use the date of notification of withdrawal.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

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

For 11 of 15 students tested that had officially withdrawn from the institution and received Title IV HEA funds, we noted the following:

- 4 students' returns were not calculated correctly or not calculated, resulting in questioned costs of \$1,820.79 (\$1,184.44 FFEL unsubsidized and \$636.35 PELL). Three of the 4 students' Title IV HEA funds had not been returned as of September 15, 2006, which was 292, 293, and 324 days from the student's withdrawal date; and one return was 42 days late.
  - For 1 of the 4 students, \$37.45 was incorrectly returned to the FSEOG program.
  - For 1 of the 4 students, the institution did not calculate the amount of the student's Pell grant overpayment totaling \$99.39. As of September 15, 2006, 345 days late, the overpayment had not been reported to the student, NSLDS, or USED.
- 7 students' returns were not calculated correctly, resulting in the institution over and under paying de minimus amounts to the applicable Federal programs and lenders for both the school (7) and student (2 of the 7) portions. Three of the returns were 23, 55, and 77 days late.

**Cause**

The institution officially closed from October 20 to October 26, 2005, due to a hurricane, constituting a 7-day break. The institution was also closed from November 23 to November 27, 2005, due to a scheduled holiday, constituting a 5-day break. Although the semester was extended by 7 days for the hurricane closure, the institution did not consider the days the institution was closed when calculating the percentage of the payment period completed during the Fall term.

**Recommendation**

The institution should enhance its procedures to ensure that returns of Title IV HEA funds are calculated correctly and timely returned to applicable Federal programs and lenders, and that students, NSLDS, and USED are timely notified of overpayments. In addition, the institution should return \$1,820.79 (\$1,184.44 FFEL unsubsidized and \$636.35 PELL) to the applicable Title IV HEA programs and lenders, and notify the student, NSLDS, and USED of the \$99.39 Pell grant overpayment.

<b>FGCU Response and Corrective Action Plan</b>	During the fall 2005 semester, FGCU officially closed from October 20 to October 26, due to a hurricane, constituting a 7-day break. It was also closed from November 23 to November 27 because of a scheduled holiday that constituted a 5-day break. Due to these closures, the University sought advice from the U.S. Department of Education (DOE) to make sure the correct number of day breaks were used. The DOE advised the University to exclude the time that it was closed in the calculation. In addition, due to the hurricane closing, the University's academic calendar was extended which caused variations in the calculation of Title IV HEA funds. The University has now corrected its information system software and improved its information exchange procedures between the Registrar's Office and the Student Financial Aid Office so that such calculations will be correct.
<b>FGCU Contact and Telephone Number</b>	Jorge E. Lopez (239) 590-1210
<b>Estimated Corrective Action Date</b>	June 30, 2007
<b>Condition</b>	<p><b><u>University of Central Florida (UCF)</u></b></p> <p>For 4 of 14 students tested who officially withdrew during the Fall 2005 or Spring 2006 terms and received Title IV HEA funds, we noted the following:</p> <ul style="list-style-type: none"> <li>• For 2 students, the institution used a last date of attendance (LDA) as stated by the student on petitions for medical withdrawals when determining the percentage of completion of the term and did not verify such dates. When applying the institution's policy of determining the student's official withdrawal date (receipt of petition to withdrawal), the percentage of completion was incorrectly determined to be greater, resulting in the institution returning more Title IV HEA funds (\$65.89 FFEL subsidized and \$49.70 FFEL unsubsidized) than required.</li> <li>• For 1 student, the institution incorrectly used the earlier of multiple withdrawal dates in determining the percentage of completion. When the date of the last withdrawal was used, which represented a complete withdrawal, the percentage of completion was again determined to be greater resulting in the institution returning more Title IV HEA funds (\$727.35 FFEL subsidized) than required.</li> <li>• In the final case, the institution used the date the petition for medical withdrawal was approved and not the date the petition was received. The approval date was after the 60 percent point; therefore, the institution incorrectly did not calculate a return of Title IV HEA funds (\$419.77 PELL and Student portion \$252.97 PELL).</li> </ul>
<b>Cause</b>	The institution's procedures for determining the official withdrawal date were not adequate in those cases when students petitioned the institution for administrative withdrawals (e.g., medical withdrawals, late drops).
<b>Recommendation</b>	The institution should enhance its procedures to ensure that Title IV HEA funds are properly calculated by modifying its procedures for determining the official withdrawal date. The institution should also repay \$419.77 to the Pell grant program and notify the student of the Pell grant overpayment totaling \$252.97.
<b>UCF Response and Corrective Action Plan</b>	The procedure is being enhanced to provide the Office of Student Financial Assistance access to the Office of Undergraduate Studies database that tracks the student's process. With the information provided by the database regarding the date of the petition to withdraw, the calculation will then be done according to the instructions provided in regulations. Additionally, the responsibility for monitoring the calculation calendar on PeopleSoft has been given to the Office of

	Student Financial Assistance to help ensure the correct refund amounts are calculated.
<b>UCF Contact and Telephone Number</b>	Mary McKinney, Executive Director, Student Financial Assistance (407) 823-2827
<b>Estimated Corrective Action Date</b>	February 15, 2007

**University of North Florida (UNF)**

<b>Condition</b>	For 14 of 15 students tested who officially withdrew during the Fall 2005 or Spring 2006 terms, and received Title IV HEA funds, we noted the following: <ul style="list-style-type: none"> <li>• For 6 students, the institution did not identify, calculate, and return unearned Title IV HEA funds totaling \$7,651.56 (\$1,930.99 FFEL subsidized and \$5,720.57 FFEL unsubsidized) to applicable lenders. As of July 12, 2006, the returns were from 230 to 237 days late.</li> <li>• For 6 students, the institution incorrectly calculated returns of Title IV HEA funds, resulting in \$1,927.87 (\$1,148.12 FFEL subsidized, \$670.60 FFEL unsubsidized, and \$109.15 PELL) owed to applicable Federal programs and lenders. Also, the Pell grant overpayment was incorrectly calculated, leaving \$17.99 owed by the student.</li> <li>• For 2 students, subsequent to audit inquiry, returns totaling \$3,496.15 (\$2,082.66 FFEL subsidized, \$173.63 FFEL unsubsidized, and \$1,239.86 PELL) were returned 95 and 283 days late. Also, the Pell grant overpayment was incorrectly calculated, leaving \$35.22 owed by the student.</li> </ul>
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<b>Cause</b>	The institution's new computer software used incorrect withdrawal dates and institutional costs, which caused inaccurate calculations and untimely returns of unearned Title IV HEA funds to applicable Federal programs and lenders.
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<b>Recommendation</b>	The institution should correct the software problems and improve its monitoring of official withdrawals to ensure that returns of Title IV HEA funds are accurately calculated and timely processed. The institution should also review all official withdrawals for the 2005-06 award year, and return any additional unearned funds to applicable Federal programs and lenders. In addition, the institution should return \$13,075.58 to applicable Federal programs and lenders, and notify the students of the additional PELL overpayments totaling \$53.21.
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<b>UNF Response and Corrective Action Plan</b>	We have reviewed the software system and identified some issues that needed resolution. These issues included manual adjustments to withdrawal dates by processing staff based on specific documentation approved through the fee committee, waivers of university policy, and medical withdrawals. Procedures, including limiting the number of staff members who have access to modify withdrawal dates, have been implemented to reduce the number of errors. The Banner Student Accounts Receivable system has been updated to include all appropriate Title IV institutional charges. We have corrected all of the students cited above as of December 22, 2006, and we are currently reviewing all official withdrawals to confirm accuracy and will make corrections if appropriate.
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<b>UNF Contact and Telephone Number</b>	Janice Nowak (904) 620-1043
<b>Estimated Corrective Action Date</b>	February 16, 2007

**University of South Florida (USF)**

<b>Condition</b>	The institution's academic units or departments are responsible for inputting the begin and end dates for non-traditional term courses. The institution's financial aid department used these dates when calculating unearned Title IV HEA funds.
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For 7 of 15 students tested who officially withdrew, the course start and end dates were incorrect, which resulted in the institution incorrectly calculating unearned Title IV HEA funds for these students, as follows:

- For 3 students, the institution returned \$951.32 more than required to FFEL lenders.
- For 4 of the students, the institution's miscalculations resulted in \$737.27 FFEL unsubsidized and \$25.60 FPL being underpaid to the program and lenders. For 2 of these students (\$722.40 FFEL unsubsidized), the institution returned the funds to the lender timely. For the remaining 2 students, 1 had repaid the outstanding FPL loan (\$25.60 FPL) and, therefore, no funds were due back. For the other student, subsequent to our inquiry, the institution refunded the remaining amount owed (\$14.87 FFEL unsubsidized) to the FFEL lender on August 30, 2006.

**Cause**

In some instances, departments misunderstood the meaning of non-traditional courses and entered incorrect course begin and end dates, which were utilized in the calculations of unearned Title IV HEA funds to be refunded to Federal programs and lenders.

**Recommendation**

The institution should enhance its procedures to accurately calculate returns of Title IV HEA funds for students enrolled in non-traditional terms.

**USF Response and Corrective Action Plan**

The 3 findings that resulted in the institution returning more funds than were due was due to manual data entry errors caused by misreading the monitoring report when courses were listed with non-standard term dates. The Office of Financial Aid has enhanced the report for readability to address this issue. In addition, Financial Aid has created a quality control report to monitor repayment calculations for courses assigned alternative calendar start and end dates for each term.

The Office of the Registrar has developed a report to identify when full-term dates are used for sections that are coded as non-traditional term course and has provided guidance to the schedulers in academic departments to inform them of the standard for inputting begin and end dates for these types of courses.

**USF Contact and Telephone Number**

Maureen Johnston, Interim Financial Aid Director  
(813) 974-5049

**Estimated Corrective Action Date**

December 31, 2006

**University of West Florida (UWF)****Condition**

For three of the four students tested who officially withdrew during the Spring 2006 term, the institution did not timely return unearned Title IV HEA funds totaling \$1,914.39 (\$503.07 PELL, \$742.54 FDSL subsidized, and \$668.78 FDSL PLUS) within 30 days of the students' withdrawal. The institution returned the funds from 69 to 75 days late. The institution notified one student of a \$118.25 PELL grant overpayment 69 days late and did not notify NSLDS and USED of the Pell grant overpayment.

**Cause**

Institution staff indicated they failed to follow procedures to timely return funds to Title IV HEA programs, and to notify students, NSLDS, and USED of grant overpayments, due to staff turnover.

**Recommendation**

The institution should continue its efforts to ensure the timely return of Title IV HEA funds to the applicable Federal programs and the timely notification of students, NSLDS, and USED of any grant overpayments. Additionally, the institution should notify NSLDS and USED of the \$118.25 Pell grant overpayment.

**UWF Response and Corrective Action Plan**

Student Accounts Staff received additional training for Return of Title IV compliance including training in using the reporting software which produces reports required to complete the Return of Title IV calculations. Student Withdrawal reports are reviewed and RT4 calculations are done weekly ensuring adequate and sufficient time to prepare invoices, notify students, NSLDS and USED of grant overpayments, as well as return unearned funds to the Federal programs in the required timeframe. Student Accounts is working diligently to completely comply with Federal guidelines.

**UWF Contact and Telephone Number**

Colleen Asmus, Controller  
(850) 474-2642

**Estimated Corrective Action Date**

Fall 2006

**Lake-Sumter Community College (L-SCC)****Condition**

For 7 of 15 students tested who officially withdrew from the institution during the Fall 2005 and Spring 2006 terms, the institution returned Title IV HEA funds (\$3,041 PELL) from 6 to 40 days late. Also, 2 of the students were notified of their grant overpayments (\$730.24 PELL) 7 and 139 days late, and NSLDS and USED were notified 8 and 102 days late.

**Cause**

The institution had computer system problems that had not been resolved to timely identify students that had withdrawn.

**Recommendation**

The institution should correct the computer system problems and otherwise enhance its procedures to ensure the timely identification of students who officially withdraw, and timely return unearned Title IV HEA funds to the applicable Federal programs or lenders. Also, the institution should timely notify students, NSLDS, and USED of grant overpayments, when applicable.

**L-SCC Response and Corrective Action Plan**

Lake-Sumter Community College has identified that the lateness of returning funds to the appropriate program was due to returning of funds through the batch up-load process, which caused a difference in the delivery time of receipt of returned funds. In addition, L-SCC identified the cause of one computer problem but is still researching the cause of the other computer problem which resulted in incorrect calculations and had a trickle-down effect on the lateness of notification to students, NSLDS, and USDE.

As a corrective measure, L-SCC will enhance its processes for returning funds to the appropriate programs, update NSLDS, and USDE in a more timely manner by completing all processes (effective 2006-2007, within 45 days of notice of determination) and ensuring records are sent to USDE primarily through a direct entry process on the COD website when under time restrictions.

**L-SCC Contact and Telephone Number**

Audrey Maxwell, Director Financial Aid  
(352) 365-3510

**Estimated Corrective Action Date**

Within the next 60 days (March 2007)

**Polk Community College (PCC)****Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-102

**Condition**

For 8 of 14 students tested who officially withdrew and received Title IV HEA funds during the 2006 Spring term, the institution did not timely return unearned Title IV HEA funds totaling \$3,036.33 to the Pell grant program within 30 days of the student's withdrawal. The days late ranged from 28 to 182 days. Also, we noted the following:

- For 5 of the 8 students, the institution notified the students of Pell grant overpayments from 28 to 176 days late.

	<ul style="list-style-type: none"> <li>• For 5 of the 8 students, the institution did not timely notify NSLDS of Pell grant overpayments. The days late ranged from 15 to 123 days.</li> <li>• For 5 of the 8 students and for 2 additional students, the institution did not timely notify USED of Pell grant overpayments when the students did not make satisfactory repayment arrangements. The days late ranged from 157 to 224 days.</li> </ul>
<b>Cause</b>	During the 2005-06 fiscal year, the institution implemented a new accounting system, and the employee responsible for monitoring the return of Title IV HEA funds took a leave of absence, which contributed to the errors noted.
<b>Recommendation</b>	The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds to applicable Federal programs, and the timely notification of students, NSLDS, and USED of Pell grant overpayments.
<b>PCC Response and Corrective Action Plan</b>	The College has enhanced its procedures for calculating return of Title IV HEA funds to include procedures for more timely identification of students who officially withdraw prior to the 60 percent date and improved notification of students, USED and NSLDS of changes in student awards and enrollment status for such students.
<b>PCC Contact and Telephone Number</b>	Ms. Olivia Maultsby, Director of Financial Aid (863) 297-1004
<b>Estimated Corrective Action Date</b>	January 2007
	<b><u>St. Petersburg College (SPC)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-102
<b>Condition</b>	<p>For 6 of the 15 students tested who officially withdrew during the Fall 2005 and Spring 2006 terms, the institution did not timely return unearned Title IV HEA funds totaling \$2,351.08 (\$473.16 FFEL subsidized, \$1,339.17 FFEL unsubsidized, and \$538.75 PELL) within 30 days of the student's withdrawal. The days late ranged from 4 to 244. For 2 of the 6 students, the institution notified the students of Pell grant overpayments totaling \$85.31, 4 and 6 days late.</p> <p>For 3 of the 6 students, who were enrolled entirely in non-standard term courses, we noted the following:</p> <ul style="list-style-type: none"> <li>• For 2 of these students, the institution did not calculate a return of Title IV HEA funds until audit inquiry as the institution incorrectly used the 60 percent cut-off date used for the regular term and, therefore, incorrectly determined that no return of Title IV HEA funds was necessary. Subsequent to our inquiry, the institution returned \$646.27 (FFEL unsubsidized) for the 2 students 125 and 244 days late.</li> <li>• The other student withdrew from the first module of two sequential modules that make up the term. When a student withdraws from the institution before completing at least one module, the student is considered to have withdrawn and the requirements for a return of Title IV HEA funds apply unless the institution has obtained a confirmation from the student of intent to continue in the program by attending a module later in the term. Confirmation must be obtained subsequent to withdrawal and an institution cannot rely on a student's previous registration. The institution did not have a procedure to obtain the required student confirmation, which resulted in the missed return of Title IV HEA funds calculation.</li> </ul>
<b>Cause</b>	For standard term students, the institution did not have adequate procedures to timely return all unearned funds to the Title IV HEA programs and lenders. Also, the institution did not have procedures to correctly calculate return of Title IV HEA

funds for students enrolled entirely in non-standard term courses. Institution procedures incorrectly performed the calculation using the 60 percent cut-off and payment period as used for students enrolled in regular term courses, instead of dates specific to the non-standard terms. The institution also did not have a procedure to obtain required student confirmations for students that withdrew from a module when enrolled in two sequential modules in a non-standard term.

**Recommendation**

The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds to the applicable Federal programs or lenders. In addition, for students enrolled entirely in non-standard term courses, the institution should establish procedures to accurately calculate the return of Title IV HEA funds and to obtain the required student confirmations for students that withdraw from a module when enrolled in sequential modules in a non-standard term.

**SPC Response and  
Corrective Action Plan**

St. Petersburg College continues its commitment to compliance to the highest audit standards and requirements. These audit recommendations are of great importance to the College. Over the three years since the implementation of our new student administration system, the College has spent several million dollars in system improvements and enhancements. An additional \$600,000 has been dedicated to increasing financial aid staffing. The challenges to obtain qualified staff in a very competitive market have resulted in positions being vacant for several months. The College is absolutely committed to continuous improvement of the management and control over the Federal aid funds provided for our students. Effective Fall term 2006, the College has synchronized its academic and R2T4 withdrawal dates. The new WF grade is now available to indicate the following: 1) a withdrawal made by a student who is attempting to complete a course for the third or subsequent attempt or 2) a grade given by an instructor to a student after the last date to withdraw has passed and the student's attendance has ceased prior to the end of the term. Also effective Fall term 2006, faculty are required to take attendance in the Learning Management System. Program Directors are providing oversight to insure that the attendance is posted and that withdrawals are performed on a timely basis in the separate Student Administration System. The W and WF grades enable the Registrar to identify, through weekly system reports, any student who has officially withdrawn. Term withdrawal is then completed and R2T4 is calculated. The College has implemented a separate R2T4 date for the non-standard term courses and is accurately calculating the return of Title IV for students who are enrolling only in non-standard term classes. Additional R2T4 dates were added to the academic calendar beginning 2006-2007. According to the Federal regulations, St. Petersburg College has the option to calculate R2T4 dates for students who are enrolled in two 8 week mods as the standard R2T4 date for the term or viewing each 8 week mod as a separate term with separate 60% dates for each mod. St. Petersburg College has chosen the latter and views each 8 week mod as a separate term with a separate 60% date; therefore written student confirmation for the student that withdraws from a module when enrolled in sequential modules is not required.

**SPC Contact and  
Telephone Number**

Pat Rinard, College Registrar  
(727) 712-5892

Dr. Martyn Clay, Vice President of Educational & Student Services  
(727) 341-3344

Marcia R. McConnell, Director of Scholarships & Financial Assistance  
(727) 791-2442

**Estimated Corrective  
Action Date**

October 24, 2006

**Seminole Community College (SCC)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-102
<b>Condition</b>	<p>Of the 15 students tested who officially withdrew from the institution during the Spring 2006 term, and received Title IV HEA funds, we noted the following:</p> <ul style="list-style-type: none"> <li>• For 13 of the 15 students, the institution returned \$4,380.51 (\$1,064.96 subsidized, \$2,933.87 FFEL unsubsidized, and \$381.68 PELL) of unearned Title IV HEA funds 16 to 191 days late. Also, for one additional student, the subsidized FFEL return totaling \$479.42 had not been completed as of October 31, 2006.</li> <li>• For 2 of the 15 students, the required notifications to the students, NSLDS and USED were late. For both of these students, the institution notified the students 51 and 104 days late for the Pell grant overpayments totaling \$837.30, and NSLDS and USED were notified 64 and 101 days late.</li> <li>• The returns for 14 of the 15 students were miscalculated, resulting in de minimus under and overpayments.</li> </ul>
<b>Cause</b>	The institution did not follow its procedures to timely return unearned Title IV HEA funds to programs and lenders, and to notify students, NSLDS, and USED of Pell grant overpayments. Also, the institution used an incorrect number of days for the return calculations during the Spring term, which resulted in de minimus under and overpayments.
<b>Recommendation</b>	The institution should enhance its procedures to ensure the timely return of unearned Title IV HEA funds and the timely notification of students, NSLDS, and USED for grant overpayments. Also, the institution should return \$479.42 to the lender.
<b>SCC Response and Corrective Action Plan</b>	The institutional calendar has been reviewed and adjusted to be in compliance with R2T4 regulations - mainly in the Spring term which incorporates a Spring break in enrollment. In addition, a system enhancement has been implemented to monitor the changing enrollment status of students. This report is produced on a weekly basis to comply with the 30-day reporting period to NSLDS.
<b>SCC Contact and Telephone Number</b>	<p>Robert E. Lynn, Director, Student Financial Resources (407) 708-2044</p> <p>John Scarpino, Acting Director of Enrollment Services (407) 708-2027</p>
<b>Estimated Corrective Action Date</b>	Corrective action began in October 2006 and is expected to be fully implemented during the Spring term 2007.

**Tallahassee Community College (TCC)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-102
<b>Condition</b>	<p>For 3 of 15 students tested who were retroactively cancelled or withdrawn during the Fall 2005 or Spring 2006 terms and received Title IV HEA funds, Office of Financial Aid staff did not use the last date of attendance (LDA) or date of extenuating circumstance to determine if a return was required. Instead, they incorrectly used the date the retroactive cancellation or withdrawal was approved. This resulted in the institution not calculating, or incorrectly calculating, the return of unearned Title IV HEA funds totaling \$267.20 (\$173 FFEL subsidized, \$50.59 FFEL unsubsidized, and \$43.61 PELL) (Student portion \$31.32 PELL).</p> <p>Subsequent to audit inquiry, the institution began retraining staff and reevaluating all Fall, Spring, and Summer 2005-06 retroactive cancellations and withdrawals. Institution personnel indicated that they were in the process of correcting procedures for posting retroactive cancellation or withdrawal dates. As of</p>

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	<p>September 20, 2006, the institution was completing the evaluations and determining the amount of additional returns required from the 2005-06 award year.</p>
<b>Cause</b>	<p>The errors were caused by a procedural error that did not require the input of the LDA date or date of extenuating circumstance, because the cancellation forms used did not have a date field to indicate the LDA or date of extenuating circumstance.</p>
<b>Recommendation</b>	<p>The institution should monitor their revised procedures to ensure returns of Title IV HEA funds are calculated correctly and timely returned to applicable Federal programs and lenders. The institution should return \$267.20 (\$173 FFEL subsidized, \$50.59 FFEL unsubsidized, and \$43.61 PELL) to the applicable Federal program and lenders, and also return any additional funds to the applicable Federal programs and lenders as a result of the reevaluations being performed.</p>
<b>TCC Response and Corrective Action Plan</b>	<p>Tallahassee Community College agrees with the finding that while students who were canceled were reviewed under the Return to Title IV policy, the wrong date was used for the last date of attendance. Corrective measures have been taken to ensure the accurate date is provided to the Financial Aid Office and appropriate staff training has been conducted to ensure this incident isn't repeated. Because of the finding, the records of all students who were canceled during the year were reviewed to ensure that the accurate date was used. Appropriate adjustments were made as needed.</p>
<b>TCC Contact and Telephone Number</b>	<p>Bill Spiers (850) 201-8399</p>
<b>Estimated Corrective Action Date</b>	<p>Corrected</p>

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-096</b>
<b>CFDA Number</b>	84.007, 84.032, 84.038, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunities Grants (FSEOG) Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Return of Title IV Higher Education Act (HEA) Funds (Unofficial Withdrawals)
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$18,064.30 (\$4,310.03 FFEL subsidized, \$11,138.23 FFEL unsubsidized, and \$2,616.04 PELL)
<b>Finding</b>	Six 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 institution did not timely return unearned Title IV HEA funds to applicable Federal programs and lenders for those students who unofficially withdrew prior to the 60 percent point of the payment period.
<b>Criteria</b>	34 CFR 668.22, Treatment of Title IV Funds When a Student Withdraws
<b>Effect</b>	The institution retained unearned Title IV HEA funds that should have been returned to applicable Federal programs and lenders. <b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Audit Finding</b>	Report No. 2006-152, Finding No. FA 05-103
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-103, we noted that the institution did not implement adequate procedures to ensure the accurate calculation and timely return of unearned Title IV HEA funds to applicable Federal programs for students who ceased attendance without officially notifying the institution of their withdrawal. Although the institution's new accounting and records systems were intended to identify these students, calculate a return of Title IV HEA funds, and return the funds to the program, it did not function as intended.  During our current audit, we were advised by institution personnel that the institution was in the process of modifying its accounting and records systems to accurately calculate and timely return unearned Title IV HEA funds for students who ceased attendance without officially notifying the institution of their withdrawal, but such modifications had not been completed by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures to ensure the accurate calculation of unearned Title IV HEA funds for students who unofficially withdraw and timely return funds to the applicable Federal programs. In addition, unofficial withdrawals for the 2005-06 award year should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.

**FAMU Response and Corrective Action Plan**

To comply with 34 CFR 668.22 and Section 668.173(b) (return of Title IV funds), the Office of Financial Aid has developed a procedure to coordinate the timely return of the institutional portion of unearned funds to the Title IV programs when a student withdraws before completing the period of enrollment. On a weekly basis, Financial Aid will run (FATIVRTN) a program from the student information system (PEOPLESOFT), which will compile a list of withdrawn students. A return of Title IV funds calculation will be performed to determine the institution's liability and if funds are required to be returned. Please note the calculations are performed using software delivered by the Department of Education and uploaded to PEOPLESOFT.

To determine the withdrawal date the following procedures are used:

For a student who did not provide notification of his or her withdrawal to the institution, we will use the date the institution becomes aware that the student ceased attendance.

For students that receive all failing, incomplete, and/or withdraw grades during a term, the Office of Financial Aid will request a list from the Registrar at the end of each term, to determine if the student attended classes; and ascertain if the Return of Title IV process should be performed.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

**Florida Atlantic University (FAU)**

**Condition**

For 2 of the 15 students tested who received all failing, incomplete, or withdraw grades, the institution did not provide documentation evidencing that the students attended past the 60 percent point and did not timely return unearned Title IV HEA funds. Subsequent to audit inquiry, the determinations were made 195 and 209 days late, and the unearned Title IV HEA funds returned by the institution for the two students totaled \$1,629.60 (\$977.76 FFEL subsidized and \$651.84 FFEL unsubsidized.)

**Cause**

Institution personnel have procedures in place to identify and return unearned Title IV HEA funds to the respective programs and lenders. However, although professors coded these students based upon a particular attendance code, the institution was unable to 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 students' attendance past the 60 percent point of the payment period. In addition the institution should timely determine those instances when a student has not attended past the 60 percent point of the payment period and return Title IV HEA funds as required.

**FAU Response and Corrective Action Plan**

The institution will review current procedures to determine if any changes are necessary to improve professors' responses and retention of documentation.

**FAU Contact and Telephone Number**

Carole Pfeilsticker  
(561) 297-3528

**Estimated Corrective Action Date**

April 1, 2007



**University of North Florida (UNF)****Condition**

For 9 of 15 students tested who ceased attendance without providing official notification to the institution of their withdrawal during the Fall 2005 or Spring 2006 terms, and received Title IV HEA funds, we noted the following:

- For 4 students, the institution did not determine an unofficial withdrawal and, therefore, failed to calculate and return unearned Title IV HEA funds totaling \$3,850.06 (\$1,810.35 FFEL subsidized, \$1,776.03 FFEL unsubsidized, and \$263.68 PELL). As of July 13, 2006, the returns were from 32 to 181 days late.
- For 4 students, the institution incorrectly calculated returns of Title IV HEA funds, resulting in \$1,989.51 (\$673.13 FFEL subsidized, \$1,028.20 FFEL unsubsidized, and \$288.18 PELL) owed to applicable Federal programs and lenders. Also, one of the returns was 165 days late and 1 student's Pell grant overpayment was incorrectly calculated, leaving \$203.25 owed by the student.
- For 1 student, the institution returned \$636 FFEL subsidized funds to the lender 19 days late.

**Cause**

The institution's new computer software used incorrect withdrawal dates and institutional costs, which caused inaccurate calculations and untimely returns of unearned Title IV HEA funds to applicable Federal programs and lenders.

**Recommendation**

The institution should correct the software problems and improve the monitoring of unofficial withdrawals to ensure that returns of Title IV HEA funds are accurately calculated and timely processed. The institution should also review all unofficial withdrawals for the 2005-06 award year, and return any additional unearned funds to applicable Federal programs and lenders. In addition, the institution should return \$5,839.57 to the applicable Federal programs and lenders, and notify the student of the Pell grant overpayment totaling \$203.25.

**UNF Response and  
Corrective Action Plan**

We have reviewed the software system and identified some issues that needed resolution. These issues included manual changes to withdrawal dates by processing staff. Procedures, including limiting the number of staff members who have access to modify withdrawal dates, have been implemented to reduce the number of errors. Changes made after grades have been posted will be forwarded to the Financial Aid Coordinator for review for possible Return of Title IV calculation (i.e., fee committee and waiver of university policy).

The Banner Student Accounts Receivable system has been updated to include all appropriate Title IV institutional charges. We have corrected all of the students cited above as of December 22, 2006, and we are currently reviewing all unofficial withdrawals to confirm accuracy and will make any corrections as appropriate.

**UNF Contact and  
Telephone Number**

Janice Nowak  
(904) 620-1043

**Estimated Corrective  
Action Date**

February 16, 2007

**Polk Community College (PCC)****Condition**

Of the 19 students tested who unofficially withdrew and received Title IV HEA funds during the Spring 2006 term, we noted the following:

- For 9 students, the institution did not timely return unearned Title IV HEA funds totaling \$4,946.12 PELL within 30 days of the institution's determination of the students' withdrawal. The days late ranged from 76 to 158 days. For 4 of the 9 students and 2 additional students, the institution owes an additional \$1,685.25 due to incorrect calculations.

- For 6 students, the institution incorrectly calculated returns totaling \$3,189.25 PELL. The 6 students did not require a return of funds because they had attended past the 60 percent point of the payment period, which entitled them to the full amount of the grant award. Additionally, the institution incorrectly billed the 6 students, and incorrectly reported the 6 students to NSLDS as having Pell grant overpayments. Subsequent to audit inquiry, the overpayment status reported to NSLDS was corrected by the institution.
- For 4 of 8 students with Pell grant overpayments, the institution notified the students from 76 to 158 days late.
- For 4 of 8 students with Pell grant overpayments, the institution notified NSLDS from 23 to 32 days late.
- For all 8 students with Pell grant overpayments, the institution notified USED from 52 to 189 days late.

<b>Cause</b>	During the 2005-06 fiscal year, the institution implemented a new accounting system, and the employee responsible for monitoring the return of Title IV HEA funds took a leave of absence, which contributed to the errors noted.
<b>Recommendation</b>	The institution should enhance its procedures to ensure the accurate calculation and timely return of unearned Title IV HEA funds, and correct identification and timely notification of students, NSLDS, and USED of Pell grant overpayments. The institution should also return \$1,685.25 to the Pell grant program. In addition, for the 6 students for which the institution incorrectly calculated returns totaling \$3,189.25 PELL, the institution should take corrective action as appropriate.
<b>PCC Response and Corrective Action Plan</b>	The College has enhanced its procedures for calculating return of Title IV HEA funds to include procedures for more timely identification of students who unofficially withdraw and more timely notification of students, USED and NSLDS of changes in student awards and enrollment status for such students. The College will return \$1,685.25 to the Pell Grant program.
<b>PCC Contact and Telephone Number</b>	Ms. Olivia Maultsby, Director of Financial Aid (863) 297-1004
<b>Estimated Corrective Action Date</b>	January 2007

**St. Johns River Community College (SJRCC)**

<b>Condition</b>	For four of nine students tested who received all failing, incomplete, or withdraw grades, the institution incorrectly determined that returns were not due, however the institution's records did not document that the students attended past the 60 percent point. Subsequent to audit inquiry, the institution returned the unearned Title IV HEA funds totaling \$1,710.44 (\$412.99 FFEL subsidized, \$918.52 FFEL unsubsidized, and \$378.93 PELL) from 124 to 223 days late. Also, although not required, the institution returned \$185.54 (PELL), the student portion that was owed.
<b>Cause</b>	The institution incorrectly determined that no returns of Title IV HEA funds were due because the Student Records Office had entered incorrect last dates of attendance in the Institution's records system for these students and the Office of Financial Aid uses those dates to determine if a return is due.
<b>Recommendation</b>	The institution should enhance its procedures so that the last dates of attendance are recorded in the records system accurately in order to ensure that returns of Title IV HEA funds for unofficial withdrawals are accurately and timely processed.

<b>SJRCC Response and Corrective Action Plan</b>	Procedures have been reviewed with personnel responsible for data entry of student withdrawals to ensure reporting of accurate information.
<b>SJRCC Contact and Telephone Number</b>	J. Wayne Bodiford, Director of Financial Aid (386) 312-4040  Susanne Lineberger, Registrar (386) 312-4050
<b>Estimated Corrective Action Date</b>	November 15, 2006
<b><u>St. Petersburg College (SPC)</u></b>	
<b>Prior Year Finding Condition</b>	Report No. 2006-152, Finding No. FA 05-103  Of the 15 students tested who unofficially withdrew from all classes during the Fall 2005 and Spring 2006 terms, and received Title IV HEA funds, 9 students required returns. For the 9 students, the institution did not determine, within 30 days after the end of the payment period, whether funds totaling \$7,199.44 (\$435.80 FFEL subsidized and \$6,763.64 FFEL unsubsidized) were earned. Subsequent to audit inquiry, the determinations were made from 36 to 171 days late and the funds were returned to the lenders. <ul style="list-style-type: none"> <li>• For 1 of the 9 students, the institution incorrectly identified the student as an unofficial withdrawal, when in fact; the institution could not document attendance in at least one class. Subsequent to audit inquiry, \$2,581 FFEL unsubsidized, the total amount of Title IV HEA funds owed, was returned.</li> <li>• For another of the 9 students, who was enrolled entirely in non-standard term courses, the student withdrew from the first module of two sequential modules that make up the term. When a student withdraws from the institution before completing at least one module, the student is considered to have withdrawn and the requirements for return of Title IV HEA funds apply unless the institution has obtained a confirmation from the student of intent to continue in the program by attending a module later in the term. Confirmation must be obtained subsequent to withdrawal and an institution cannot rely on a student's previous registration. The institution did not have a procedure to obtain the required student confirmation. Consequently, the institution incorrectly applied the 60 percent cut-off used for a regular term and, therefore, determined that no return of Title IV HEA funds was necessary. Subsequent to audit inquiry, the institution returned \$443.69 (FFEL unsubsidized) of Title IV HEA funds 74 days late.</li> </ul>
<b>Cause</b>	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 attendance in at least one class. The institution has a grade date field in their on-line student administration system which records when a grade is posted. The institution used this grade date to determine when a student withdrew; however, this date was not always accurate to document the last date of attendance, primarily due to the lack of timely grade input by instructors.  The institution did not have procedures to correctly calculate return of Title IV HEA funds for students enrolled entirely in non-standard term courses. Institution procedures incorrectly performed the calculation using the 60 percent cut-off and payment period as used for the students enrolled in regular term courses, instead of dates specific to the non-standard terms. The institution also did not have a procedure to obtain required student confirmations for students that withdrew from a module when enrolled in two sequential modules in a non-standard term.

**Recommendation**

The institution should develop procedures, including system changes, as applicable, to ensure timely determination of attendance in at least one class and unofficial withdrawals, and timely return of unearned Title IV HEA funds to applicable Federal programs or lenders. In addition, for students enrolled entirely in non-standard term courses, the institution should establish procedures to accurately calculate the return of Title IV HEA funds and to obtain the required student confirmations for students that withdraw from a module when enrolled in sequential modules in a non-standard term.

**SPC Response and Corrective Action Plan**

St. Petersburg College continues its commitment to compliance to the highest audit standards and requirements. These audit recommendations are of great importance to the College. Over the three years since the implementation of our new student administration system, the College has spent several million dollars in system improvements and enhancements. An additional \$600,000 has been dedicated to increasing financial aid staffing. The challenges to obtain qualified staff in a very competitive market have resulted in positions being vacant for several months. Effective Fall term 2006, the College has synchronized its academic and R2T4 withdrawal dates. The new WF grade is now available to indicate the following: 1.) a withdrawal made by a student who is attempting to complete a course for the third or subsequent attempt or 2.) a grade given by an instructor to a student after the last date to withdraw has passed and the student's attendance has ceased prior to the end of the term. Also effective Fall term 2006, faculty are required to take attendance in the Learning Management System. Program Directors are providing oversight to insure that the attendance is posted and that withdrawals are performed on a timely basis in the separate Student Administration System. The W and WF grades enable the Registrar to identify, through weekly system reports, any student who has unofficially withdrawn. Term withdrawal is then completed and, if applicable, R2T4 is calculated.

The College has implemented a separate R2T4 date for the non-standard term courses and is accurately calculating the return of Title IV for students who are enrolling only in non-standard term classes. Additional R2T4 dates were added to the academic calendar beginning 2006-2007. According to the Federal regulations, SPC has the option to calculate R2T4 dates for students who are enrolled in two 8 week mods as the standard R2T4 date for the term or evaluating each 8 week mod individually with a separate 60% dates for each mod. SPC is viewing each 8 week mod individually with a separate date, so written student confirmation for the students that withdraw from a module when enrolled in sequential modules is not needed. SPC would calculate that student as R2T4 unless the student stayed in the class past the 60% of each of the 8 week mod.

**SPC Contact and Telephone Number**

Pat Rinard, College Registrar  
(727) 712-5892

Dr. Martyn Clay, Vice President of Educational & Student Services  
(727) 341-3344

Marcia R. McConnell, Director of Scholarships & Financial Assistance  
(727) 791-2442

**Estimated Corrective Action Date**

October 24, 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-097</b>
<b>CFDA Number</b>	84.007, 84.032, 84.038, 84.063, and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Family Education Loans (FFEL) Federal Perkins Loans (FPL) Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Return of Title IV Higher Education Act (HEA) Funds – Non Attendance
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$37,748.27 (\$14,075.65 FFEL subsidized, \$15,304 FFEL unsubsidized, and \$8,368.62 PELL)
<b>Finding</b>	Three institutions had not fully implemented procedures to document attendance in at least one class for students who received Title IV HEA funds and received all failing, incomplete, and withdraw grades.
<b>Criteria</b>	34 CFR 668.21, Treatment of Federal Perkins Loan, FSEOG, and Federal Pell Grant Program Funds if the Recipient Withdraws, Drops Out, or is Expelled Before His or Her First Day of Class; .22, Treatment of Title IV Funds When a Student Withdraws; 682.604(d)(4)(i/ii), Applying Loan Proceeds; and 685.303(b)(3)(i), General
<b>Effect</b>	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 the student.  <b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-104
<b>Condition</b>	In our audit report No. 2006-152, finding No. FA 05-104, we noted that effective July 2004, the institution had implemented new accounting and records systems that were intended to replace the grade roster procedure to document attendance in at least one class for students who received Title IV HEA funds and received all failing, incomplete, and withdraw grades. However, the system did not operate as intended.  During our current audit, we were advised by institution personnel that the institution was in the process of modifying its accounting and records systems to track class attendance of students who received Title IV HEA funds, but such modifications had not been completed by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to document attendance in at least one class for students who received Title IV HEA funds and received all failing, incomplete, and withdraw grades.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures to document attendance in at least one class by students who received Title IV HEA funds. In addition, the institution, for all students who received Title IV HEA funds, should review attendance during the 2005-06 award year after the new procedures are implemented, and return any Title IV HEA funds, as applicable.

**FAMU Response and Corrective Action Plan**

The University has implemented procedures to document class attendance for all students effective the 05-06 academic year. These procedures will be reviewed and refined to ensure that class attendance is documented for students who receive failing, incomplete, and withdraw grades.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

**Florida International University (FIU)****Condition**

For 15 students tested that received Title IV HEA funds during the Spring 2006 term, the institution did not document, or timely document, attendance in at least one class, as follows:

- For 12 of the 15 students, the institution did not document students' attendance in at least one class during the term. As a result, unearned Title IV HEA funds for these 12 students totaling \$35,666.33 (\$13,439.33 FFEL subsidized, \$15,304 FFEL unsubsidized, and \$6,923 PELL), were not returned to applicable Federal programs or lenders.
- For 3 of the 15 students, subsequent to audit inquiry, the institution documented attendance in at least one class during the term. As a result, unearned Title IV HEA funds totaling \$1,648.82 (\$636.32 FFEL subsidized and \$1,012.50 PELL) for 2 of the 3 students were not timely calculated and returned to applicable Federal programs or lenders.

**Cause**

Currently, the institution has procedures in place to identify students who unofficially withdraw. However, these procedures are not adequate because they do not include a review of all students with a combination of all failing, incomplete, or withdraw grades. In addition, these procedures require professors to use an F0 grade for students who did not attend at least one class. After grades are posted, the institution notifies all students who received F0 grades that they have been identified as unofficial withdrawals and, the students have 10 days to dispute the grade and status. Upon expiration of the time allotted, the return calculation is automatically calculated and 50 percent of Title IV HEA funds are considered unearned. However, if attendance in at least one class is not documented, 100% of the Title IV HEA funds must be returned.

**Recommendation**

The institution should enhance its procedures to timely identify all students who did not attend at least one class, and return unearned Title IV HEA funds to applicable Federal programs and lenders. In addition, the institution should return unearned Title IV HEA funds totaling \$37,315.15 to applicable Federal programs and lenders.

**FIU Response and Corrective Action Plan**

Based on the examination of the sample used for this audit, the University has revised its' procedures. At the end of each term all students with all F0 or all F or a combination of F0 and F or a combination of all F0 and DR will be included in our process for unofficial withdrawals. In addition, if class attendance cannot be documented for a student who falls into one of these conditions, 100% of Federal aid will be returned to the respective financial aid program. Students with an Incomplete grade (IN), are by definition in the University Catalog, given that grade due to their inability to complete the course and is given at the discretion of the Instructor. It is the position of the University that an Incomplete grade does not constitute an unofficial withdrawal and will not be used to select students for inclusion in the unofficial withdrawal process.

**FIU Contact and Telephone Number**

Francisco Valines, Director Financial Aid  
(305) 348-2333

<b>Estimated Corrective Action Date</b>	January 2007 applied to the Fall 2006
<b>Condition</b>	<p><b><u>Polk Community College (PCC)</u></b></p> <p>For 12 students tested that received Title IV HEA funds during the Spring 2006 term, the institution did not document attendance in at least one class, as follows:</p> <ul style="list-style-type: none"> <li>• For 3 students, the institution disbursed \$1,343 Pell grant funds, however, the institution did not document attendance in at least one class.</li> <li>• The institution incorrectly identified the 3 students as unofficial withdrawals and returned \$909.88, from 81 to 179 days late, leaving \$433.12 PELL to be returned.</li> </ul>
<b>Cause</b>	The institution instructed staff to record the first day of class as the date of withdrawal for students that did not attend at least one class because the new system did not have a feature to identify students that did not attend at least one class, which caused the incorrect identification and calculation of unofficial withdrawals.
<b>Recommendation</b>	The institution should enhance its procedures to identify all students who did not attend at least one class, and return unearned Title IV HEA funds to applicable Federal programs. In addition, the institution should return \$433.12 to the Pell grant program.
<b>PCC Response and Corrective Action Plan</b>	The College has enhanced its procedures to identify all students who did not attend at least one class and its procedures for calculating return of Title IV HEA funds for students so identified. The College will return \$433.12 to the Pell Grant program.
<b>PCC Contact and Telephone Number</b>	Ms. Olivia Maultsby, Director of Financial Aid (863) 297-1004
<b>Estimated Corrective Action Date</b>	January 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-098</b>
<b>CFDA Number</b>	84.032 and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Student Status Changes – National Student Loan Data System (NSLDS) Roster Files
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	Sixteen institutions did not always accurately or timely report enrollment status changes to NSLDS for FFEL and FDSL student loan borrowers. Unless the institution expects to submit its next roster file (enrollment data) to NSLDS within 60 days, it must notify NSLDS (or the lender or guaranty agency directly) 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.
<b>Criteria</b>	34 CFR 682.610(c) and 685.309(b), Student Status Confirmation Reports
<b>Effect</b>	When NSLDS is not timely notified with accurate information, NSLDS may not be aware of when a student ceases at least half-time enrollment, thereby not timely starting the grace period for repayment of FFEL and FDSL student loans, which may result in an increased default rate.
<b>Prior Year Finding</b>	<b><u>Florida Agricultural and Mechanical University (FAMU)</u></b> Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	Our review of NSLDS records for 14 FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time during the Fall 2005 or Spring 2006 terms, disclosed the following: <ul style="list-style-type: none"> <li>• For 13 of the 14 students, the enrollment status changes were reported to NSLDS from 30 to 215 days late.</li> <li>• For 3 of the 14 students, the enrollment status reported to NSLDS was incorrect.</li> </ul>
<b>Cause</b>	The institution's NSLDS reporting procedures were not adequate to ensure that FDSL student loan borrowers' enrollment status changes were reported accurately and timely to NSLDS. The institution had implemented new accounting and records systems in the 2004-05 fiscal year, which did not provide adequate information to ensure compliance with NSLDS reporting requirements.
<b>Recommendation</b>	The institution should enhance its procedures to monitor FDSL student loan borrowers' enrollment status changes to ensure timely and accurate reporting to NSLDS.
<b>FAMU Response and Corrective Action Plan</b>	In an effort to immediately affect change in timely reporting, the University (effective December 2006) revised its reporting schedule to the Clearinghouse (which reports to NSLDS on behalf of the University) to report student enrollment status every two weeks. The University is also evaluating reporting student status changes directly to NSLDS by the beginning of the Fall 2007 semester.
<b>FAMU Contact and Telephone Number</b>	Rufus R. Little, III (850) 412-5480
<b>Estimated Corrective Action Date</b>	March 30, 2007



**Florida Gulf Coast University (FGCU)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	For 11 of 15 students tested who withdrew or graduated during the 2005-06 academic year, the institution reported the enrollment status changes 63 to 250 days late to NSLDS. Additionally, one student's graduation status was incorrectly reported as withdrawn.
<b>Cause</b>	The institution's procedures were not adequate to ensure accurate and timely reporting to NSLDS for FFEL student loan borrowers' enrollment status changes.
<b>Recommendation</b>	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.
<b>FGCU Response and Corrective Action Plan</b>	The University will use the National Student Clearinghouse (NSC) to report to the NSLDS. The FGCU Registrar's Office will be fully responsible for timely and accurate reporting of Title IV enrollment status information to the NSC. In addition to having one office complete the reporting process, the University's information system has been upgraded to provide updates to the NSC and enrollment reporting for the NSLDS reports.
<b>FGCU Contact and Telephone Number</b>	Jorge E. Lopez (239) 590-1210
<b>Estimated Corrective Action Date</b>	June 30, 2007

**Florida International University (FIU)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	The enrollment status changes for all 20 FFEL student loan borrowers tested, who ceased at least half-time enrollment or graduated during the Spring 2006 term, were reported to NSLDS from 8 to 75 days late. Also, for 5 of the 20 FFEL student loan borrowers who graduated during the Spring 2006 term, the enrollment status was incorrectly reported to NSLDS.
<b>Cause</b>	The institution relied on the National Student Clearinghouse (NSC) for transmitting FFEL student loan borrowers' enrollment status changes to NSLDS. In an effort to correct the prior year audit finding, the institution resubmitted the enrollment status changes for the entire student body as of June 30, 2006. Institution personnel indicated that because of the large volume of resubmissions, coupled with the regularly scheduled updates of enrollment status changes, the enrollment status changes for students that graduated were not received by NSLDS.
<b>Recommendation</b>	The institution should work with NSC and NSLDS to ensure timely submissions or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.
<b>FIU Response and Corrective Action Plan</b>	We acknowledge that all 20 FFEL loan borrowers tested were reported late. Furthermore, we acknowledge that 5 of the 20 FFEL student loan borrowers who graduated during the spring 2006 term were reported late to NSLDS. There were timing differences between the regularly scheduled enrollment status updates manually entered in the system and the mass resubmission done in June that caused the errors in the graduate students' enrollment status to be overridden. The University is in the process of correcting its protocol and procedures to ensure that enrollment status changes are submitted in a timely fashion.
<b>FIU Contact and Telephone Number</b>	Alex Collins, Acting Registrar (305) 348-2320
<b>Estimated Corrective Action Date</b>	Partially corrected, April 30, 2007

**New College (NC)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	For 9 of 20 FFEL student loan borrowers tested who graduated, withdrew, or ceased at least half-time enrollment, the institution reported enrollment status changes to NSLDS from 2 to 52 days late.
<b>Cause</b>	The institution uses the National Student Clearinghouse (NSC) to transmit its student enrollment status changes to NSLDS. NSC receives the institution's Enrollment Reporting roster file from NSLDS, matches the roster file to the enrollment information provided by the institution to NSC, and returns the updated roster file to NSLDS. The status changes were reported late because NSC did not timely submit the updated Roster File to NSLDS. Also, in some instances, the institution did not input the correct date of the student's official withdrawal, which resulted in untimely reporting to NSLDS.
<b>Recommendation</b>	The institution should enhance its procedures to timely and accurately report to NSLDS changes in FFEL student loan borrowers' enrollment status. Also, the institution should work with NSC 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.
<b>NC Response and Corrective Action Plan</b>	The following corrective action plan has been implemented by the Registrar's Office: <ol style="list-style-type: none"> <li>1) In addition to each of the three scheduled transmissions set up for each term (Fall and Spring), New College will begin sending an updated report to the NSC on the first workday of every month. The first of these reports was transmitted on October 10, 2006 (the start date of our corrective action plan).</li> <li>2) The NSLDS requests changes in enrollment statuses from the NSC on the first of every month. Given that no more than 30 days will pass between the discovery of a student's change of enrollment status and the NSC being made aware of such, and no more than 30 days will pass between the time the NSC is made aware and the NSLDS being advised, in no case should more than 60 days pass between the discovery of a student's change of enrollment status and the NSLDS being informed.</li> <li>3) We have tested the nine students cited with these corrected processes, the result of which is that the reporting for all of them would have fallen within the compliance window.</li> <li>4) In addition, we will examine our withdrawal process and withdrawal form to better streamline this process for the purpose of State auditing of students' last day of attendance.</li> </ol>
<b>NC Contact and Telephone Number</b>	Adrian Cornelius, Registrar (941) 487-4232
<b>Estimated Corrective Action Date</b>	October 10, 2006

**University of Central Florida (UCF)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	For 9 of 16 students tested, enrollment status changes were not timely reported to NSLDS. For 6 students, NSLDS was notified 45 to 146 days late. Although the institution had directly reported the enrollment status changes to the lenders for 5 of the 6 students, these notifications still occurred 17 to 34 days late. For the remaining 3 students, the status changes were not reported.

<b>Cause</b>	The institution submitted its roster files to the National Student Clearinghouse (NSC) and relied on NSC to transmit student status changes to NSLDS for FFEL student loan borrowers; however, the institution did not have a monitoring procedure in place to ensure that NSC submitted student status changes to NSLDS timely.
<b>Recommendation</b>	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.
<b>UCF Response and Corrective Action Plan</b>	<p>The Registrar's Office has initiated the following changes:</p> <ol style="list-style-type: none"> <li>1) <b>Schedule Improvements:</b> The frequency of transmissions from the NSC to the NSLDS has been requested increasing the response to every 30 days. This will help to ensure timely transmissions and earlier identification of discrepancies. This action will ensure that more current enrollment status reports are available to the NSLDS. (Effective September 2006)</li> <li>2) <b>Access and Monitoring Improvements:</b> The Registrar's Office has requested access from Student Financial Assistance for the University Registrar and Associate University Registrar to the online NSLDS Enrollment Reporting Schedule. An enrollment reporting schedule has been requested in NSLDS to be increased to 30-day intervals.</li> <li>3) <b>Business Process Improvements:</b> To consistently follow the transmissions, the Registrar's Office business process of enrollment reporting will also include regular monthly monitoring of reporting to NSC and NSLDS.</li> <li>4) <b>Reporting &amp; Programming Improvements:</b> Improvement and modification to the program that generates the NSC enrollment reports from PeopleSoft. The Registrar's Office has submitted a Mod to Computer Services &amp; Telecommunications to review examples of where status changes were not correctly updating and correcting the program that generates the report.</li> </ol>
<b>UCF Contact and Telephone Number</b>	Dennis J. Dulniak, University Registrar (407) 823-3016
<b>Estimated Corrective Action Date</b>	November 28, 2006
<b><u>University of North Florida (UNF)</u></b>	
<b>Condition</b>	<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"> <li>• For 11 students, the institution reported enrollment status changes to NSLDS from 14 to 95 days late.</li> <li>• For 14 students, the enrollment statuses were incorrectly reported as full-time or half-time when, in fact, the students had withdrawn.</li> <li>• For 2 students, the status change effective dates reported were incorrect.</li> </ul>
<b>Cause</b>	The institution's procedures were not adequate to ensure that FFEL student loan borrowers' enrollment status changes were reported accurately and timely to NSLDS. The institution was in the process of implementing accounting and student record system changes and final implementation had not been completed.
<b>Recommendation</b>	The institution should enhance both electronic and manual procedures to ensure FFEL student loan borrowers' enrollment status changes are timely and accurately reported to NSDLS.

<b>UNF Response and Corrective Action Plan</b>	Corrections were made to the extract file that was being sent to the Clearinghouse to include students who were withdrawing during the term. As of the Summer 2006, the extract files have been reported timely and accurately. The Enrollment Services Compliance Office will continue to monitor the files that are being sent to the Clearinghouse.
<b>UNF Contact and Telephone Number</b>	Janice Nowak (904) 620-1043
<b>Estimated Corrective Action Date</b>	May, 2006
<b><u>Brevard Community College (BrvCC)</u></b>	
<b>Condition</b>	For 10 of 20 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half-time, the institution had either not reported, or not timely reported, the students' status changes to NSLDS, as follows: <ul style="list-style-type: none"> <li>• On September 18, 2006, subsequent to audit inquiry, the institution reported status changes for 5 students from 65 to 191 days late.</li> <li>• For the other 5 students, the institution reported the status changes to NSLDS from 10 to 32 days late.</li> </ul>
<b>Cause</b>	The institution relied on the National Student Clearinghouse (NSC) for transmitting FFEL student loan borrowers' enrollment status changes to NSLDS. NSC did not always timely report enrollment status changes to NSLDS and the institution did not have procedures to monitor that NSLDS was timely notified by NSC. In addition, the form the institution used to document withdrawals from classes had numerous date fields that were inconsistently used to determine the withdrawal dates, which resulted in untimely reporting to NSLDS.
<b>Recommendation</b>	The institution should work with NSC and NSLDS to ensure timely submissions or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.
<b>BrvCC Response and Corrective Action Plan</b>	The College concurs with the recommendation and has taken the following corrective measures: <ol style="list-style-type: none"> <li>1. On October 18, 2006 a training session was presented by the Registrar and Financial Aid Dean for all personnel who process student withdrawals. Staff members in attendance were provided written guidelines explaining the importance of accurate data entry as well as the procedures for recording course withdrawals. <ul style="list-style-type: none"> <li>• The Registrar has implemented a self-audit system to verify correct data entry for student withdrawals. Audits will be done on a monthly basis.</li> </ul> </li> <li>2. Attendance reporting is done by faculty on a monthly basis. Students who are reported as not attending during the initial reporting period are dropped from the class by the Registrar. Effective fall 2006 term, students who are reported as stopped attending during subsequent reports are withdrawn from the course by Financial Aid.</li> <li>3. During the fall term, reports were provided to the National Student Clearinghouse on a monthly basis. For the spring 2007 term, reports will be sent to the Clearinghouse twice a month. Financial Aid has requested that the NSLDS request reports from the Clearinghouse on a monthly basis.</li> <li>4. An adjustment was made to the end of term report to the Clearinghouse to include graduates. When the college started using the Degree Verify system with the Clearinghouse, graduates were pulled into a separate file. This has been corrected so graduates are reported in both the end of term report and separate graduates-only files.</li> </ol>

5. Based on a recommendation by the auditors, the Course Withdrawal Form is under revision to reduce the number of dates required on the form.

**BrvCC Contact and Telephone Number**

Barry Paine, Dean of Financial Aid  
(321) 433-5533

**Estimated Corrective Action Date**

January 31, 2007

**Edison College (EC)**

**Condition**

For all five FFEL student loan borrowers tested, student enrollment status changes were not reported timely to NSLDS. The number of days late ranged from 19 to 143 days.

**Cause**

The institution relied 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.

**Recommendation**

The institution should work with NSC and NSLDS to ensure timely submissions or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.

**EC Response and Corrective Action Plan**

During this audit period the College was in transition due to the resignation of the Registrar and the search for a replacement. Unfortunately, the NSC reporting requirement was not accomplished in a timely manner. A new Registrar is in place and he has updated and streamlined the NSC reporting process to preclude recurrence. He has trained several personnel in the procedures for reporting and will ensure timely compliance on future submissions

**EC Contact and Telephone Number**

Louis E. Jimenez, District Registrar  
(239) 489-9349

**Estimated Corrective Action Date**

October 2, 2006

**Hillsborough Community College (HCC)**

**Condition**

For 3 of 20 FFEL student loan borrowers tested, student enrollment status changes were not reported timely to NSLDS. The number of days late ranged from 9 to 32 days.

**Cause**

The institution relied 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. In the contract with NSC, NSC indicated that it will submit the student enrollment data to NSLDS within 30 days. The institution did not consider this 30 days as part of the 60 day timeline to notify NSLDS, which resulted in NSLDS receiving information late.

**Recommendation**

The institution should work with NSC and NSLDS to ensure timely submissions or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.

**HCC Response and Corrective Action Plan**

Hillsborough Community College understands and accepts this audit finding. We have implemented the following corrective action plan:

- The College has increased the transmissions to the Clearinghouse to monthly. Prior to this, the process had been established for three times within the term.
- The college has requested that the Clearinghouse send HCC's files to the NSLDS monthly.

- District Financial Aid Office (FAO) has assumed responsibility to monitor the status of files sent to the Clearinghouse.
- All error files are to be corrected by the College Registrar's Office. It will be critical to submit corrections to the error files within 3 days to ensure the timely completion of the files by the Clearinghouse.
- District FAO and Registrar's Office will verify the timely transmission of enrollment statuses to the Clearinghouse, and the Guaranty Agency or NSLDS for each RT4 file.

New procedures documenting this corrective action plan were written and communicated to staff. Appropriate staff have received necessary training to adhere to this corrective action plan.

**HCC Contact and Telephone Number**

Barbara A. Larson  
(813) 253-7115

**Estimated Corrective Action Date**

October 5, 2006

**Manatee Community College (MCC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-105

**Condition**

For 8 of 20 students tested, enrollment status changes were reported to NSLDS from 10 to 57 days late.

**Cause**

The institution did not have Roster File submissions to NSLDS scheduled frequently enough during the year to meet the 60-day requirement. Although an Ad Hoc report, or additional manual reporting to NSLDS could have been completed by the institution to include students that would not meet the 60-day reporting requirement, this was not done.

**Recommendation**

The institution should enhance its procedures to ensure NSLDS is timely notified of FFEL student loan borrowers' enrollment status changes to less than half-time.

**MCC Response and Corrective Action Plan**

We have revised our submissions to the National Student Clearinghouse which reports directly to the NSLDS. Previously the Clearinghouse reports were sent on a 60-day cycle, now they are sent on a monthly basis to ensure that NSLDS is properly notified of any student status changes. With this change in place, any student status change will be reported well within the 60-day requirement.

**MCC Contact and Telephone Number**

MariLynn J. Paro, Registrar  
(941) 752-5628

**Estimated Corrective Action Date**

October 2006

**Miami Dade College (MDC)**

**Condition**

For 12 of 20 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half time, we noted the following:

- For 8 students, the institution did not report enrollment status changes to NSLDS within 60 days (or to the lender or guaranty agency within 30 days) of the status change. The enrollment status changes were reported from 2 to 96 days late.
- For 3 students, the institution incorrectly reported the students' enrollment status. The enrollment status for 2 students was reported as half-time instead of graduated, and for another student (1 of the 8 noted above) was reported as full-time instead of graduated.

	<ul style="list-style-type: none"> <li>For 7 students (3 of the 8 noted above and 4 other students), the institution incorrectly reported the date of the students' enrollment status change to NSLDS.</li> </ul>
<b>Cause</b>	The incorrect and untimely reporting to NSLDS was caused by errors in the institution's reporting software and delays by the National Student Clearinghouse (NSC), the institution's third-party servicer.
<b>Recommendation</b>	The institution should correct the reporting software errors and enhance its procedures to monitor FFEL student loan borrowers' enrollment status changes to ensure timely and accurate notification to NSLDS.
<b>MDC Response and Corrective Action Plan</b>	The College agrees with the recommendation and will make the necessary System changes to address the issues noted.
<b>MDC Contact and Telephone Number</b>	Gregory Knott, AVP - Accounting and Student Services (305) 237-0825
<b>Estimated Corrective Action Date</b>	Fall 2007

**Pasco-Hernando Community College (P-HCC)**

<b>Condition</b>	For 8 of 10 students tested, enrollment status changes were not timely reported to NSLDS. For 4 students, NSLDS was notified 3 to 5 days late. For the other 4 students, NSLDS was notified 18 to 33 days late.
<b>Cause</b>	The institution relied on the National Student Clearinghouse (NSC) for transmitting student enrollment status changes to NSLDS. Although scheduled transmission dates for reporting FFEL student loan borrowers' enrollment status changes to NSC exist, these scheduled transmission dates may not be adequate to ensure timely transmission of student status changes to NSLDS.
<b>Recommendation</b>	The institution should work with NSC and NSLDS to ensure timely submissions or develop alternative procedures to timely provide NSLDS with FFEL student loan borrowers' enrollment status information.
<b>P-HCC Response and Corrective Action Plan</b>	The College has provided NSLDS with a revised schedule that reflects monthly submissions of student enrollment status information. The revised schedule has provided NSLDS with the dates when enrollment status changes will be available to draw down from NSC.
<b>P-HCC Contact and Telephone Number</b>	Ken Burdzinski, Vice President of Administration & Finance (727) 816-3412
<b>Estimated Corrective Action Date</b>	October 2006

**Polk Community College (PCC)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-105
<b>Condition</b>	For 18 of 20 FFEL student loan borrowers tested who graduated (14), withdrew (2), or ceased to be enrolled at least half-time (2), the institution did not timely report the enrollment status changes to NSLDS, as follows: <ul style="list-style-type: none"> <li>For 4 of the 18, who withdrew or ceased at least half-time enrollment, the institution reported the enrollment status changes to NSLDS 37 to 111 days late.</li> <li>For 9 of the 18, who graduated on May 5, 2006, the institution reported the enrollment status changes to NSLDS on September 25, 2006, subsequent to audit inquiry. The status changes were reported 113 days late.</li> </ul>

- For 5 of the 18, who graduated on May 5, 2006, the institution had not, as of September 25, 2006, notified NSLDS of the status changes, making them late by at least 113 days.

Also, one of the 18 student's enrollment status was incorrectly reported to NSLDS on September 25, 2006, by the institution as having graduated on May 5, 2006: however, the student was currently enrolled.

**Cause**

The institution uses the National Student Loan Clearinghouse (NSC) to transmit its FFEL student loan borrowers' status changes to NSLDS; however, the institution is responsible for ensuring that NSLDS is timely notified by NSC and that the information is accurate. The institution did not ensure that the data that was sent to NSC, by the institution, was always current and accurate. Also, the institution did not have adequate procedures to identify FFEL student loan borrowers that ceased at least half-time enrollment or withdrew during the year.

**Recommendation**

The institution should implement adequate procedures to timely provide accurate information to NSC for submission to NSLDS. Also, the institution should develop procedures to identify FFEL student loan borrowers who cease at least half-time enrollment or withdraw.

**PCC Response and Corrective Action Plan**

Effective January 2007, the College modified its reporting procedures to ensure that information regarding changes in enrollment for FFEL students are reported to the NSC on a monthly basis.

**PCC Contact and Telephone Number**

Ms. Olivia Maultsby, Director of Financial Aid  
(863) 297-1004

**Estimated Corrective Action Date**

January 2007

**St. Petersburg College (SPC)****Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-105

**Condition**

In our prior audit report No. 2006-152, we noted that due to programming errors, enrollment data submitted to NSLDS did not accurately reflect enrollment status changes of FFEL student loan borrowers. These programming errors remained uncorrected for most of the 2005-06 fiscal year. However, on June 28, 2006, the institution corrected the programming errors noted in the prior audit and submitted to NSC the final Fall 2005 and Spring 2006 file changes. Our test of 20 FFEL student loan borrowers who withdrew from the institution during the Fall 2005 or Spring 2006 terms disclosed that the enrollment status changes submitted to NSC on June 28, 2006, agreed with the institution's records. However, these enrollment status changes were not timely reported to NSLDS for 10 of the students. Days late ranged from 24 to 279 days.

**Cause**

The institution submitted its roster files to the National Student Clearinghouse (NSC) and relied on NSC to transmit student status changes to NSLDS for FFEL student loan borrowers; however, the institution did not have a monitoring procedure in place to ensure that NSC 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.

**SPC Response and Corrective Action Plan**

St. Petersburg College continues its commitment to compliance to the highest audit standards and requirements. These audit recommendations are of great importance to the College. Over the three years since the implementation of our new student administration system, the College has spent several million dollars in system improvements and enhancements. An additional \$600,000 has been dedicated to increasing financial aid staffing. The challenges to obtain qualified



staff in a very competitive market have resulted in positions being vacant for several months. Programming changes were made in June 2006 to report the correct enrollment status change date when the student is term withdrawn. Follow-up was required on several records in NSLDS in September 2006. St. Petersburg College's Office of Scholarships & Financial Assistance changed the NSLDS calendar to request data from the NSLDS on the first of every month. Prior to this change, there was a 2-3 month gap in requests from NSLDS to NSC during the summer months. It came to light that the College Registrar's Office did not have access to the NSLDS system. A request was made by the college registrar to the Director of Financial Aid for access to assist with the monitoring process. The College Registrar' Office is in the process of getting access to the NSLDS system so that they can monitor the timely notification of the transmissions from the National Student Clearinghouse.

**SPC Contact and Telephone Number**

Pat Rinard, College Registrar  
(727) 712-5892

Marcia R. McConnell, Director of Scholarships & Financial Assistance  
(727) 791-2442

**Estimated Corrective Action Date**

September 26, 2006

**Seminole Community College (SCC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-105

**Condition**

For 13 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half-time, enrollment status changes were reported to NSLDS from 35 to 95 days late. In addition, the effective dates of the status changes were not reported correctly to NSLDS for the 13 students. The effective dates were incorrect by 5 to 95 days, and for 2 of the 13 students the enrollment status reported was incorrect.

**Cause**

The institution submitted its roster files to the National Student Clearinghouse (NSC) and relied on NSC to transmit student status changes to NSLDS for FFEL student loan borrowers; however, the institution did not have a monitoring procedure in place to ensure that NSC submitted student status changes to NSLDS timely. Also, the institution did not monitor the accuracy of the information submitted.

**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. Also, the institution should verify that the information submitted is accurate.

**SCC Response and Corrective Action Plan**

Corrective action began in August 2006 in reporting to the NSC on a monthly basis to comply with the 30-day reporting period. Further corrective action followed in January 2007 with the implementation of partial posting of student grades and reported withdrawals throughout the term. This enhancement of the procedure will assure submission of accurate data. Prior to January 2007, instructor reported withdrawals were not reported to the NSC until the end of the semester which would allow the instructor to rescind or change a reported grade within the term.

The institution has contacted the NSC to request a monthly transmission of the enrollment data to the NSLDS. Currently this report is done 3 times a semester unless requested by the school, which we have done. In addition, the NSC has been contacted to inform the school of their timely release of the data to the NSLDS.

SCC has also incorporated into the R2T4 calculation the manual notification to lenders for current borrowers who have ceased at least half-time enrollment as a back-up to timely notification requirements. Requirements for exit counseling requirements are placed on the student file and the student is notified of this requirement during this process.

**SCC Contact and Telephone Number**

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

John Scarpino, Acting Registrar  
(407) 708-2027

**Estimated Corrective Action Date**

Spring Semester, 2007

**Valencia Community College (VCC)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-105

**Condition**

The enrollment status changes for 6 of 20 FFEL student loan borrowers tested were not timely reported to NSLDS within 60 days of the status change. For 4 of the FFEL student loan borrowers, the enrollment status changes were reported from 51 to 65 days late. The status changes for the remaining 2 borrowers had not been reported as of September 11, 2006, 74 and 267 days late.

**Cause**

The institution's computer system was not reading enrollment records correctly, which required the institution to write and execute an internal program in order to accurately and timely notify NSLDS of FFEL student loan borrowers' enrollment status changes.

**Recommendation**

The institution should enhance both electronic and manual procedures and processes to ensure accurate and timely reporting of FFEL student loan borrowers' enrollment status changes to NSLDS.

**VCC Response and Corrective Action Plan**

Valencia has revised its procedures to report NSC student data five times per term. Dates are selected to meet the 30 day reporting requirement. Valencia data is also available to NSLDS on a monthly basis should they request it. To ensure that NSLDS is aware of our submissions, Valencia e-mails NSLDS when the transmission is made. Also, Valencia has online access to NSLDS to monitor submission and receipt dates between NSC and NSLDS.

**VCC Contact and Telephone Number**

Renee Simpson  
(407) 582-1506

**Estimated Corrective Action Date**

October 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-099</b>
<b>CFDA Number</b>	84.032 and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loan Program (FFEL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Student Status Changes – Exit Counseling <b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	Eleven institutions did not always timely perform exit counseling, or provide exit counseling materials, for FFEL and FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
<b>Criteria</b>	34 CFR 682.604(g) and 685.304(b), Exit Counseling
<b>Effect</b>	When exit counseling is not performed timely, FFEL and FDSL student loan borrowers may not be aware of their loan repayment obligations, and lenders and guarantors may not be timely provided with important personal and contact information, which could lead to an increased default rate for the institution.  <b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-106
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-106, we noted that the institution's established exit counseling procedures were not adequate during the 2004-05 fiscal year to ensure that exit counseling for FDSL student loan borrowers was completed as required. Although the institution's new accounting and records systems were intended to identify students that required exit counseling, it did not function as intended.  During our current audit, we were advised by institution personnel that the institution was in the process of modifying its accounting and records systems to ensure that exit counseling was performed, or exit counseling materials provided, for FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time, but such modifications had not been completed by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to ensure that exit counseling was performed, or exit counseling materials provided, for FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures to monitor FDSL student loan borrower enrollment status changes to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days for a student ceasing at least half-time enrollment. In addition, the institution, for all FDSL student loan borrowers, should review attendance during the 2005-06 award year and provide exit counseling, as applicable.
<b>FAMU Response and Corrective Action Plan</b>	Effective FY 2006-2007 the University discontinued participation in the FDSL program and switched to the FFEL program. The student borrowers of FFEL are notified in writing of the exit counseling requirement and are instructed to go to the Mapping Your Future's Web site to complete exit counseling. If the student completes exit counseling, a file is retrieved from Mapping Your Future's web site and uploaded to PEOPLESOFT by a designee in the Office of Financial Aid. For

students that do not complete exit counseling, an open item will remain on the student's financial aid to do list. After thirty (30) days from the initial correspondence, a packet of counseling materials will be sent through the U.S. Postal Service to ensure that each student borrower has been provided counseling materials and that the student participates in and completes exit counseling as required.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

**Florida Gulf Coast University (FGCU)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-106

**Condition**

For 8 of 15 FFEL student loan borrowers tested, who withdrew or graduated during the 2005-06 academic year, the institution provided exit counseling materials for 5 of the 8 FFEL student loan borrowers, 23 to 117 days late. As of September 15, 2006, 110 days late, the institution had not provided exit counseling materials for the other 3 FFEL student loan borrowers.

**Cause**

The institution's procedures were not adequate to ensure exit counseling materials were timely provided to FFEL student loan borrowers.

**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**

At the start of a term, the Office of Financial Aid 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. In addition, the Student Financial Aid Office has requested that the Registrar's Office add exit counseling information to its withdrawal and drop/add forms. The Office of Financial Aid now includes the exit counseling information on all letters that go out to those students on suspension and R2T4 students. The University is also applying an exit requirement in its Financial Aid information system for these students. These improved procedures ensure that the University now complies with exit counseling requirements.

**FGCU Contact and Telephone Number**

Jorge E. Lopez  
(239) 590-1210

**Estimated Corrective Action Date**

June 30, 2007

**Florida International University (FIU)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-106

**Condition**

In our report No. 2006-152, finding No. FA 05-106, we noted that the institution's established exit counseling procedures were not adequate during the 2004-05 fiscal year to ensure that exit counseling for FFEL student loan borrowers was completed as required. During our current audit, we were advised by institution personnel that a new automated system was implemented in July 2006, and that the new system was used to ensure that required exit counseling was completed for FFEL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time during the 2005-06 award year.

**Cause**

During the fiscal year 2005-06, the institution developed procedures to fully automate the identification of FFEL student loan borrowers that required exit counseling; however, according to the institution, this automated system was not implemented until July 2006.

<b>Recommendation</b>	The institution should monitor the new automated system to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing at least half-time enrollment.
<b>FIU Response and Corrective Action Plan</b>	The automated exit counseling process is in place and runs on a weekly basis as part of our normal processing schedule.
<b>FIU Contact and Telephone Number</b>	Francisco Valines, Director Financial Aid (305) 348-2333
<b>Estimated Corrective Action Date</b>	Completed
<b><u>University of Central Florida (UCF)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-106
<b>Condition</b>	Exit counseling materials were provided 9 to 156 days late for 10 of 17 students tested that withdrew from the Fall 2005 or Spring 2006 terms.
<b>Cause</b>	The institution did not have adequate procedures to timely identify students that required exit counseling.
<b>Recommendation</b>	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 provided, within 30 days of a student ceasing to be enrolled at least half-time.
<b>UCF Response and Corrective Action Plan</b>	A program was implemented in January 2006 that identifies and notifies students who are required to complete exit counseling. The program is being further enhanced by using the PeopleSoft scheduler (a new feature of PS 8.9), which will then systematically run the program to ensure timely compliance.
<b>UCF Contact and Telephone Number</b>	Mary McKinney, Executive Director, Student Financial Assistance (407) 823-2827
<b>Estimated Corrective Action Date</b>	January 15, 2007
<b><u>University of North Florida (UNF)</u></b>	
<b>Condition</b>	<p>Students receive notification of exit counseling via e-mail. The e-mail contains a link to a web site with instructions on completing exit counseling. If the borrower completes the exit counseling on-line, the institution receives a confirmation. For 20 FFEL student loan borrowers tested who required exit counseling, we noted the following:</p> <ul style="list-style-type: none"> <li>• For 13 students, the institution e-mailed exit counseling notifications from 42 to 106 days late.</li> <li>• One student, who officially withdrew from the institution on September 20, 2005, had not been notified as of July 28, 2006, 281 days late.</li> <li>• For 17 of the 20 FFEL student loan borrowers, exit counseling notification follow-up was required because the students had not completed the exit counseling on-line. For 13 of the 17 students, follow-up procedures had not been completed as of July 28, 2006, 130 to 197 days after the e-mail notifications.</li> </ul>
<b>Cause</b>	Errors in the institution's process for detecting students that require exit counseling, attributed in part to new software, caused delays in sending notifications to FFEL student loan borrowers who withdrew or ceased to be enrolled at least half-time. Also, the institution did not have adequate follow-up procedures when exit counseling was not timely completed on-line by borrowers who had been electronically notified.

<b>Recommendation</b>	The institution should enhance its exit counseling procedures to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing at least half-time enrollment.
<b>UNF Response and Corrective Action Plan</b>	Procedures have been improved to include sending notifications to students utilizing their UNF e-mail account as well as forwarding a letter through the U.S. Postal Service. All exit interview files are being maintained in a folder on the Q drive for future reference in order to enhance and ensure proper monitoring.
<b>UNF Contact and Telephone Number</b>	Janice Nowak (904) 620-1043
<b>Estimated Corrective Action Date</b>	November 1, 2006
<b><u>Broward Community College (BrwCC)</u></b>	
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-106
<b>Condition</b>	For 15 of 20 students tested, the institution did not perform exit counseling, or provide exit counseling materials, within 30 days of when the FFEL student loan borrowers graduated, withdrew, or ceased to be enrolled at least half-time. The exit counseling materials had not been provided as of September 30, 2006, and days late ranged from 119 to 299.
<b>Cause</b>	The institution uses an automated program to identify FFEL student loan borrowers who cease at least half-time enrollment. However, this automated program does not identify all applicable students, and the institution's current procedures do not compensate for the automated program's failure to identify FFEL student loan borrowers who cease at least half-time enrollment and require exit counseling.
<b>Recommendation</b>	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.
<b>BrwCC Response and Corrective Action Plan</b>	<p>The college agrees with the recommendation.</p> <p>Our Corrective Action Plan has taken a dual solution to satisfy both the immediate and long term objectives of identifying and performing exit counseling for FFEL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half time.</p> <p>Immediate corrective action began July 24, 2006, when an employee was hired to monitor the exit interview process under the direct supervision of the Associate Vice President of Student Success &amp; Enrollment Management Services. Programmatic corrective action was completed on October 10, 2006, when IT system changes addressing identified reporting gaps in the college's financial system CID were completed and verified.</p> <p>In addition, the college continues to work toward the long term objective of an automated process to identify the aforementioned. This process is currently being redesigned, and will be thoroughly tested before its anticipated launch date, no later than July 1, 2007.</p>
<b>BrwCC Contact and Telephone Number</b>	William Pennell, CFO (954) 201-7405
<b>Estimated Corrective Action Date</b>	October 10, 2006

**Florida Community College at Jacksonville (FCCJ)**

<b>Condition</b>	For 6 of 15 FFEL student loan borrowers tested who withdrew or graduated during the 2005-06 academic year, exit counseling was not completed, or exit counseling materials were not provided timely (the days late ranged from 8 to 204). These students received more than one FFEL loan and had a previous exit conference. Subsequent to audit inquiry, the institution corrected a computer program error that caused these exceptions. The exact population affected by the program error is unknown; however, the institution believes that the affected population is no more than 586 students, and on May 17, 2006, the institution mailed exit counseling information to the affected FFEL student loan borrowers.
<b>Cause</b>	A computer program used to identify FFEL student loan borrowers that required exit counseling did not include FFEL student loan borrowers with multiple FFEL loans who had a previous exit conference marked on their file.
<b>Recommendation</b>	The institution should monitor the corrected exit interview computer program error to verify that the revised program is working as intended to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing at least half-time enrollment.
<b>FCCJ Response and Corrective Action Plan</b>	The College determined there was a flaw in the exit interview program due to a complication in the Financier loan awarding process. The problem has been resolved and is now selecting the appropriate students for an exit interview.
<b>FCCJ Contact and Telephone Number</b>	Joel A. Friedman, Director of Student Aid (904) 632-3132
<b>Estimated Corrective Action Date</b>	Completed - May 17, 2006

**Manatee Community College (MCC)**

<b>Condition</b>	For 19 of 20 students tested, the institution did not perform exit counseling, or provide exit counseling materials, within 30 days of when the FFEL student loan borrowers graduated, withdrew, or ceased to be enrolled at least half-time. Days late ranged from 121 to 207.
<b>Cause</b>	The institution's procedure was to perform exit counseling for FFEL student loan borrowers, regardless of enrollment status, when the second FFEL loan disbursement occurred. This resulted in students not completing exit counseling shortly before or within 30 days of an enrollment change to less than half-time, withdrawal, or shortly before graduation.
<b>Recommendation</b>	The institution should revise its procedures to perform exit counseling, or provide exit counseling materials, within 30 days of an enrollment status change to less than half-time, withdrawal, or shortly before graduation for FFEL student loan borrowers.
<b>MCC Response and Corrective Action Plan</b>	<p>We have revised our procedures to insure that students are provided with exit counseling not only when they pick-up the second disbursement of their student loan, when we learn they have withdrawn or graduated, or when we return a check to their lender, but also when their status changes to less than half-time.</p> <p>Specifically, we have put the following additional procedures in place:</p> <ul style="list-style-type: none"> <li>• Every time we receive notification of a student's withdrawal, either via the daily withdrawal report or the Return of Title IV funds report, we forward exit counseling materials within 30 days of notification of the change to the student.</li> <li>• We are having a report created to capture all students who are graduating at the end of the term who had a student loan so we can conduct exit counseling with them.</li> </ul>

- We are also developing a report to capture any student who was in attendance during the previous term but did not return the next term, and exit counseling was not performed within 30 days of their last date of attendance.

**MCC Contact and Telephone Number**

Anders M. Nilsen, MBA Director, Financial Aid  
(941) 752-5419

**Estimated Corrective Action Date**

December 2006

**Palm Beach Community College (PBCC)**

**Condition**

For 5 of 9 FFEL student loan borrowers tested, exit counseling was not completed, or exit counseling materials were not provided, timely. The days late ranged from 6 to 36.

**Cause**

The institution's procedures did not always identify FFEL student loan borrowers that ceased at least half-time enrollment to ensure that exit counseling was completed or exit counseling materials are provided timely.

**Recommendation**

The institution should enhance current procedures to ensure that FFEL student loan borrowers who cease at least half-time enrollment are identified, and exit counseling information timely provided.

**PBCC Response and Corrective Action Plan**

We believe this to be corrected fully, and plan to increase the frequency of the process to bi-monthly.

**PBCC Contact and Telephone Number**

David M. Bodwell, Director of Financial Aid  
(561) 868-3390

**Estimated Corrective Action Date**

September 2006

**Pasco-Hernando Community College (P-HCC)**

**Condition**

For 7 of 10 students tested who received FFEL loans and officially withdrew during the Fall 2005 and Spring 2006 terms, the institution did not timely provide exit counseling materials, as follows:

- For 6 students, the institution provided exit counseling materials from 5 to 85 days late.
- For 1 student, as of August 29, 2006, 154 days from the date of withdrawal, the institution had not, of record, provided exit counseling materials.

**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 changes to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing to be enrolled at least half-time.

**P-HCC Response and Corrective Action Plan**

The Financial Aid Office receives a report that identifies those students who ceased to be enrolled at least half-time. The report will now be reviewed weekly to insure that those students be provided with exit counseling or exit counseling materials within 30 days of their enrollment status change.

**P-HCC Contact and Telephone Number**

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

**Estimated Corrective Action Date**

December 2006



**Seminole Community College (SCC)**

<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-106
<b>Condition</b>	For 11 of 13 FFEL student loan borrowers tested who withdrew during the 2005-06 academic year, exit counseling was not completed, or exit counseling materials were not provided timely (the days late ranged from 32 to 162).
<b>Cause</b>	Although exit counseling is performed on-line, the institution did not timely notify FFEL student loan borrowers of exit counseling requirements.
<b>Recommendation</b>	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.
<b>SCC Response and Corrective Action Plan</b>	As part of the NSC reporting and monitoring, SCC will review and notify all students required to complete exit counseling. In addition, the SCC registrar will supply financial aid with a roster of all students who have applied to graduation, and the financial aid office will notify students of this requirement prior to graduation.
<b>SCC Contact and Telephone Number</b>	Robert E. Lynn, Director, Student Financial Resources (407) 708-2044
<b>Estimated Corrective Action Date</b>	Spring Semester 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-100</b>
<b>CFDA Number</b>	84.038
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Perkins Loans (FPL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Student Loan Repayments – Due Diligence
<b>State Educational Entity</b>	<b>Various</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	Two institutions had not fully implemented procedures to ensure that exit counseling was performed, or exit counseling materials provided, for FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time. Additionally, one of the institutions did not timely convert students to repayment status.
<b>Criteria</b>	34 CFR 674.42(b and c), Exit Interview and Contact With the Borrower During the Initial and Post-deferment Grace Periods
<b>Effect</b>	When exit counseling materials are not provided, FPL student loan borrowers may not be fully aware of their loan repayment obligations, which could lead to an increased default rate at the institution. Additionally, when FPL student loan borrowers' debt is not timely identified for repayment, students are not timely placed in repayment status.
	<b><u>Florida Agricultural and Mechanical University (FAMU)</u></b>
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-107
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-107, we noted that the institution's established exit counseling procedures were not adequate during the 2004-05 fiscal year to ensure that exit counseling for FPL student loan borrowers was completed as required. Although the institution's new accounting and records systems were intended to identify students that required exit counseling, it did not function as intended.  During our current audit, we were advised by institution personnel that the institution was in the process of modifying its accounting and records systems to ensure that exit counseling was performed, or exit counseling materials provided, for FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time, but such modifications had not been completed by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not yet implemented adequate procedures to ensure that exit counseling was performed, or exit counseling materials provided, for FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
<b>Recommendation</b>	The institution should continue its efforts to implement procedures to monitor FPL student loan borrowers' enrollment status changes to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days for a student ceasing at least half-time enrollment. In addition, the institution, for all FPL student loan borrowers, should review attendance during the 2005-06 award year and provide exit counseling, as applicable.
<b>FAMU Response and Corrective Action Plan</b>	To comply with 34 CFR 674.42 (Exit Interview), the student borrowers of FPL are notified in writing of the exit counseling requirement and are instructed to go to the Mapping Your Future's Web site to complete exit counseling. If the student

completes exit counseling, a file is retrieved from Mapping Your Future's web site and uploaded to PEOPLESOFT by a designee in the Office of Financial Aid. For students that do not complete exit counseling, an open item will remain on the student's financial aid to do list. After thirty (30) days from the initial correspondence, a packet of counseling materials will be sent through the U.S. Postal Service to ensure that each student borrower has been provided counseling materials and that the student participates in and completes exit counseling as required.

**FAMU Contact and Telephone Number**

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

**Estimated Corrective Action Date**

March 30, 2007

**Florida International University (FIU)**

**Prior Year Finding**

Report No. 2006-152, Finding No. FA 05-107

**Condition**

For three of the eight FPL student loan borrowers who ceased at least half-time enrollment and should have entered repayment status, we noted the following:

- The institution did not timely determine the students' conversion to repayment status after the dates of separation. At June 30, 2006, the time lapsed from the dates of separation and conversions to repayment were 17, 29, and 41 months.
- The institution did not complete exit counseling until subsequent to audit inquiry.

**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. Institution personnel indicated the untimeliness was the result of computer programming errors.

**Recommendation**

The institution should enhance its procedures to monitor FPL student loan borrowers' enrollment status 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**

The University has enhanced procedures to ensure timely conversion to repayment status and completion of exit counseling for FPL student borrowers. Exit counseling was completed for the three students noted in the finding. These three students ceased attending the university prior to the university's migration to a new student administration system or subsequently enrolled for less than half-time. The existing procedures were enhanced to consider these instances. Specifically, all students who received FPL funds have an indicator placed on their accounts that is used to compare against enrollment data. A secondary indicator is placed on the students' accounts when exit counseling is completed. These indicators now allow for reports to be generated to monitor the timely conversion to repayment status and completion of exit counseling.

**FIU Contact and Telephone Number**

Itzar Haq, Associate Controller Financial Operations  
(308) 348-2098

**Estimated Corrective Action Date**

Completed

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-101</b>
<b>CFDA Number</b>	84.038
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Perkins Loan Program (FPL) - Federal Capital Contributions (FCC)
<b>Compliance Requirement</b>	Special Tests and Provisions – National Student Loan Data System (NSLDS) Reporting – FPL Liquidation
<b>State Educational Entity</b>	<b>Brevard Community College (BrvCC)</b>
<b>Finding Type</b>	Material Noncompliance
<b>Finding</b>	The institution had not established adequate procedures to liquidate its FPL program loans. When an institution begins the liquidation process, it must assign the remaining loans with outstanding balances to the U.S. Department of Education (USED) for collection. At least 90 days prior to the submission of loan assignment to USED, the institution must notify borrowers and its third-party servicer that the institution intends to liquidate and assign all outstanding FPL program loans belonging to the institution. During assignment, the institution must report each loan to the NSLDS as accepted for assignment.
<b>Criteria</b>	Dear Colleague Letters CB-02-05 and CB-03-12, FPL Liquidation Procedures
<b>Condition</b>	USED had accepted assignment of 43 FPL program loans from June 2005 to September 2005; however, the institution had not notified the borrowers of the assignment. Additionally, the institution had not notified NSLDS that the loans had been accepted. Subsequent to audit inquiry, the institution began notifying borrowers and the NSLDS, as required.
<b>Cause</b>	The institution had not established adequate procedures to notify borrowers or NSLDS of the loan assignments.
<b>Effect</b>	When notification procedures are not adequately performed, the institution may be allowing third-party servicers to collect outstanding loan payments for which the institution is no longer responsible, and student loan borrowers may be unaware of the status of their loan.
<b>Recommendation</b>	The institution should ensure compliance with requirements for the assigning of FPL program loans to USED.
<b>BrvCC Response and Corrective Action Plan</b>	<p>The college is assigning all outstanding FPL program loans to USED, in order to terminate the program. The loans referenced in this finding were issued between the 1960's and the 1980's, and have remained outstanding with minimal activity in the last 25 years. During the assignment process, we terminated our relationship with our third-party loan servicer, when the assignment package was submitted to USED.</p> <p>Because of the age and inactivity of these loan programs, college personnel were not aware of the notification requirements and presumed the third-party servicer made the appropriate notifications. The college has since issued notification letters to all the borrowers that were initially accepted by USED.</p> <p>As of the date of this response, the college has assigned all but 3 of its outstanding loans, due to insufficient information collected at the time of issuance, and death of a borrower. The college is currently working with USED to buy back the remainder of the 3 loans to close the program.</p>
<b>BrvCC Contact and Telephone Number</b>	Mark Cherry, AVP, Financial Services (321) 433-7031
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-102</b>
<b>CFDA Number</b>	84.063 and 84.268
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Pell Grant Program (PELL) Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Eligibility
<b>State Educational Entity</b>	<b>Santa Fe Community College (SFeCC)</b>
<b>Finding Type</b>	Other
<b>Finding</b>	A student may have fraudulently obtained financial aid.
<b>Criteria</b>	34 CFR 668.16(g), Refers to the OIG for Investigation
<b>Condition</b>	<p>During routine processing of student financial aid satisfactory academic progress (SAP) appeals for the 2006-07 award year, the institution discovered that a student may have fraudulently provided a physician's note in the SAP appeal to obtain financial aid for the Spring 2006 term. The student was awarded and disbursed Title IV Higher Education Act (HEA) funds totaling \$4,313 (\$1,000 PELL, \$1,313 FDSL subsidized, and \$2,000 FDSL unsubsidized) for the Spring 2006 term.</p> <p>The matter was referred to local law enforcement officials, who conducted an investigation, filed their report (<i>SFCC Police Department Non-Criminal Report</i>) on August 27, 2006, and forwarded the case to the Office of the State Attorney, Eighth Judicial Circuit, for prosecution (action by the Office of the State Attorney was pending as of August 31, 2006). The institution's Director of Financial Aid notified the U.S. Department of Education (USED), Office of the Inspector General (OIG), of the possible fraud on August 29, 2006, and on September 18, 2006, an OIG Special Agent began an investigation at the institution.</p>
<b>Recommendation</b>	The institution should continue to report any known instances of financial aid fraud to the USED Office of the Inspector General, as well as to the applicable local law enforcement agency.
<b>SFeCC Response and Corrective Action Plan</b>	As noted in the auditor's finding, SFeCC's response, including corrective action, was immediate.
<b>SFeCC Contact and Telephone Number</b>	Peggy Werts, Director of Financial Aid (352) 395-5476
<b>Estimated Corrective Action Date</b>	August 2006

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 06-103</b>
<b>CFDA Number</b>	84.032
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL)
<b>Compliance Requirement</b>	Eligibility
<b>State Educational Entity</b>	<b>Tallahassee Community College (TCC)</b>
<b>Finding Type</b>	Other
<b>Finding</b>	A student's parent may have fraudulently obtained financial aid.
<b>Criteria</b>	34 CFR 668.16(g), Refers to the OIG for Investigation
<b>Condition</b>	A student filed a complaint with the local Police Department on November 14, 2005, after he checked his credit report and realized he had outstanding FFEL student loan balances that he was unaware of. The student's mother allegedly obtained nine net checks, totaling \$10,917.14, by forging her son's name to obtain the funds from October 2001 through January 2004. The institution notified the U.S. Department of Education (USED) Office of the Inspector General of the fraud. The mother was arrested on August 11, 2006, and charged with five counts of criminal use of personal identification, eight counts of grand theft, 14 counts of forgery and petit theft.
<b>Recommendation</b>	The institution should continue to report any known instances of financial aid fraud to the USED Office of the Inspector General, as well as to the applicable local law enforcement agency.
<b>TCC Response and Corrective Action Plan</b>	The incident of fraud cited was conducted so the school did not have knowledge of the incident. The Federal Stafford Loan promissory notes were mailed directly to the lender, and the student provided Tallahassee Community College with authorization to mail his financial aid checks to the address we used. Our first knowledge of fraud occurred when the Tallahassee Police Department notified us of the student's accusations against his Mother. Tallahassee Community College immediately notified the US Department of Education Office of the Inspector General of the suspected Fraud.
<b>TCC Contact and Telephone Number</b>	Bill Spiers (850) 201-8399
<b>Estimated Corrective Action Date</b>	Corrected

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**STATE UNIVERSITIES AND COMMUNITY COLLEGES  
SUMMARY OF QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2006**

<b>Compliance Requirement/ Institutions</b>	<b>Total Questioned Costs</b>
<b><u>Research and Development Cluster (R&amp;D)</u></b>	
<b>ALLOWABLE COSTS/COST PRINCIPLES - Finding No. FA 06-108</b>	
Cost Transfers:	
University of Central Florida	<u>\$ 44,568.70</u>
 <b>ALLOWABLE COSTS/COST PRINCIPLES - Finding Nos. FA 06-109, 110, 111</b>	
General Expenditures:	
University of Central Florida	36,757.74
University of Florida	179,207.93
University of West Florida	<u>17,988.07</u>
<b>Total</b>	<u>233,953.74</u>
 <b>ALLOWABLE COSTS/COST PRINCIPLES - Finding No. FA 06-112</b>	
Indirect Cost Charges:	
Florida A & M University	<u>52,972.27</u>
 <b>ALLOWABLE COSTS/COST PRINCIPLES - Finding No. FA 06-113</b>	
Leave Payouts:	
Florida International University	<u>11,250.34</u>
 <b>DAVIS-BACON ACT - Finding No. FA 06-116</b>	
University of Central Florida	<u>1,589,471.40</u>
 <b>MATCHING, LEVEL OF EFFORT, EARMARKING - Finding No. FA 06-117</b>	
Florida International University	<u>32,517.93</u>
 <b>Total Research &amp; Development</b>	 <u><b>\$ 1,964,734.38</b></u>



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-104</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research &amp; Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
<b>State Educational Entity</b>	<b>Florida Atlantic University (FAU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance
<b>Finding</b>	During the 2005-06 fiscal year, the institution applied CAS exemptions totaling \$233,286 to 130 grant accounts. CAS exemptions are used to charge indirect costs as direct costs and are to be applied for “unlike 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.
<b>Criteria</b>	2 CFR 220, Section F.6.b., Departmental Administration Expenses and Appendix A, Exhibit C, Examples of “Major Project” Where Direct Charging of Administrative or Clerical Staff Salaries May Be Appropriate
<b>Condition</b>	In accordance with its cost accounting practice, in certain circumstances the institution charged costs, which are normally indirectly charged, directly to its Federal grants. The institution determined 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 were well beyond the core of departmental support routinely provided for departmental activities. The institution evaluates the existence of “unlike circumstances” on a project-by-project basis. However, it is questionable as to whether the CAS exemptions used by the institution met the criteria for “unlike circumstances” as contemplated by USDHHS. The institution stated that because those costs could be identified readily and specifically with the project, and had been specifically budgeted and approved by the sponsoring agency in the grant award application, the costs were allowable.
<b>Cause</b>	While the institution is permitted to charge indirect costs as direct costs in “unlike circumstances,” the institution has not clearly demonstrated in its records that it properly applied the USDHHS criteria for “unlike circumstances.”
<b>Effect</b>	Federal funds may have been used for goods or services that were charged 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.
<b>Recommendation</b>	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.
<b>FAU Response and Corrective Action Plan</b>	The University agrees with the recommendation. A letter has been drafted and will go out to the cognizant agency asking for their opinion
<b>FAU Contact and Telephone Number</b>	Jay R. Semmel, CPA, Assistant Vice President-Finance, Division of Research (561) 297-0118
<b>Estimated Corrective Action Date</b>	January 15, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-105</b>
<b>CFDA Number</b>	12.431 and 81.087
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Basic Scientific Research (12.431) Renewable Energy Research and Development (81.087)
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
<b>State Educational Entity</b>	<b>University of Central Florida (UCF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 12.431 DAAD 19-01-1-0621, June 1, 2001 – December 31, 2006 CFDA No. 81.087 DE-FC26-99GO10478, September 1, 1999 – June 30, 2006
<b>Finding Type</b>	Material Noncompliance
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-115
<b>Finding</b>	<p>During the 2005-06 fiscal year, for two of five grants tested, the institution applied CAS exemptions totaling \$84,098.74 (\$41,917.11 to grant No. DAAD 19-01-1-0621 and \$42,181.63 to grant No. DE-FC26-99GO10478). CAS exemptions are used to charge indirect costs as direct costs and are to be applied for “unlike circumstances.” In addition, the salaries of administrative staff may be charged as direct costs when such costs of a major project or activity have been explicitly budgeted and the individuals involved can be specifically identified with the project. It was not clear whether the CAS exemptions used by the institution met the criteria for “unlike circumstances,” or that the projects utilizing these exemptions met the standards for “major projects,” as contemplated by the U.S. Department of Health and Human Services (USDHHS), the cognizant agency. The institution’s newly implemented CAS exemption log reported 36 grants with CAS exemptions. The exemptions were for postage, monthly telephone service, data processing supplies, office supplies, membership dues, and administrative salaries, all of which are typically indirect costs.</p>
<b>Criteria</b>	2 CFR 220, Section F.6.b., Departmental Administration Expenses and Appendix A, Exhibit C, Examples of “Major Project” Where Direct Charging of Administrative or Clerical Staff Salaries May Be Appropriate
<b>Condition</b>	<p>In accordance with its cost accounting practice, in certain circumstances the institution charged costs, which are normally indirectly charged, directly to its Federal grants. The institution determined 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 were well beyond the core of departmental support routinely provided for departmental activities. The institution evaluated the existence of “unlike circumstances” on a project-by-project basis. However, it is questionable as to whether the CAS exemptions used by the institution met the criteria for “unlike circumstances” as contemplated by USDHHS.</p> <p>For two grants tested, the institution included as direct charges \$84,098.74 for departmental charges such as telephone charges, office supplies, and administrative salaries that would normally be included in the institution’s indirect cost recovery rate proposal. Our review of grant documents noted that although the institution’s Office of Research and Commercialization had approved these costs as in-house CAS exemptions, clerical costs for one grant were not explicitly budgeted in the grant award, and neither of these two projects appeared to be major projects as described in 2 CFR 220, Exhibit C.</p>

<b>Cause</b>	While the institution is permitted to charge indirect costs as direct costs in “unlike circumstances,” the institution had not clearly demonstrated in its records that it properly applied the USDHHS criteria for “unlike circumstances.” It appeared that the institution may be misinterpreting the intent of the cost principles when applying the criteria for “unlike circumstances” and “major projects”.
<b>Effect</b>	Federal funds may have been used for goods or services that were charged 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.
<b>Recommendation</b>	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,” and treating administrative salaries as direct costs for “major projects”, as contemplated by the cognizant agency.
<b>UCF Response and Corrective Action Plan</b>	<p>The university believes that it correctly identified award Nos. DAAD 19-01-1-0621 and DE-FC26-99GO10478 as “major projects” as defined in Exhibit C, OMB Circular A-21. The university agrees to seek an opinion from the cognizant agency (USDHHS) as to whether the institution is using CAS exemptions that meet the criteria for “unlike circumstances,” and treating administrative salaries as direct costs for “major projects”.</p> <p>The university believes the clerical/administrative salary expenditures incurred for both programs were correctly charged as a direct expense because the amount of support was significantly greater than the routine level of such services provided by the department as defined in OMB Circular A-21, F.6.(b)(1) and (2), respectively. Department and central administrators followed published university CAS/Major Project policies to ensure the clerical activities were not the same as activities normally included in the university’s F&amp;A cost pool.</p>
<b>UCF Contact and Telephone Number</b>	Dr. Tom O’Neal, Associate Vice President, Research and Commercialization (407) 823-3378
<b>Estimated Corrective Action Date</b>	April 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-106</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-116
<b>Finding</b>	During the 2005-06 fiscal year, the institution applied CAS exemptions totaling \$6,540,022 to 142 grant accounts for salaries and benefits and \$776,413 to 290 grant accounts for other expenditures. CAS exemptions are used to charge indirect costs (facilities and administration) as direct costs and are to be applied for “unlike circumstances.” As similarly disclosed in previous audit reports, 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
<b>Criteria</b>	2 CFR 220, Section F.6.b., Departmental Administration Expenses and Appendix A, Exhibit C, Examples of “Major Project” Where Direct Charging of Administrative or Clerical Staff Salaries May Be Appropriate
<b>Condition</b>	In accordance with its cost accounting practices, 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 telecommunications costs that are well beyond the core of departmental support routinely provided for departmental activities. Institution personnel stated that because those costs can be identified readily and specifically with a project and have been specifically budgeted and approved by the sponsoring agency in the grant award application, the costs are allowable. In cases where the sponsoring agency has delegated budget approval to the institution, institution approval is assumed equivalent to Federal agency approval. The existence of “unlike circumstances” is evaluated on a project-by-project basis, and in certain instances the institution may apply CAS exemptions retroactively if it subsequently determined that a cost meets the institution’s criteria for exemption. However, it is questionable as to whether the CAS exemptions used by the institution met the criteria for “unlike circumstances” as contemplated by USDHHS.
<b>Cause</b>	Although the institution continues to follow their policies and procedures disclosed in their CAS Board Disclosure Statement (DS-2), clarification from the cognizant agency has not been obtained to define “unlike circumstances”.
<b>Effect</b>	Federal grants may have been overcharged for goods or services that were charged 100 percent as direct costs instead of being charged at the lesser indirect cost rate. If it is determined by the USDHHS that any CAS exemptions are disallowed, the institution may be required to return disallowed costs.
<b>Recommendation</b>	Given that the institution reported CAS exemptions for at least 290 of its Federal grants, we again recommend that the institution 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 believes it has appropriate policies and procedures in place to ensure that CAS exemptions meet the criteria for “unlike circumstances” as contemplated by the cognizant agency. It is our understanding that no specific audit tests have been conducted by external auditors that identified any specific questioned CAS exemptions. The Defense Contract Audit Agency (DCAA) has started, but not completed its review of the University's revised disclosure statement (DS-2). In addition, it is our understanding that Federal examiners are planning to visit the University at which time we expect that this issue will be resolved.

**UF Contact and  
Telephone Number**

Michael V. McKee, Assistant Vice President and Controller  
(352) 392-1321

**Estimated Corrective  
Action Date**

UF is awaiting the Federal review.

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding Number** FA 06-107  
**CFDA Number** 11.478, 12.910, and 93.856  
**Program Title** **Research and Development Cluster (R&D)**  
 Center for Sponsored Coastal Ocean Research Coastal Ocean Program (11.478)  
 Research and Technology Development (12.910)  
 Microbiology and Infectious Diseases Research (93.856)  
**Compliance Requirement** Allowable Costs/Costs Principles – Cost Accounting Standards (CAS) Exemptions  
**State Educational Entity** **University of South Florida (USF)**  
**Federal Grant/Contract Number and Grant Year** CFDA No. 11.478  
 MOA 2002-015, April 15, 2002 – December 31, 2006  
 CFDA No. 12.910  
 N00039-02-C3244, November 6, 2002 – September 30, 2005  
 CFDA No. 93.856  
 5R01AI038178-09, July 1, 1995 – March 31, 2007  
**Finding Type** Material Noncompliance  
**Prior Year Finding** Report No. 2006-152, Finding No. FA 05-117

**Finding** During the 2005-06 fiscal year, the institution applied CAS exemptions totaling \$39,459.91, for which \$35,377.30 was pre-approved by the Federal grantors for five grants tested, leaving \$4,082.61 of questioned CAS exemptions for three grants tested. CAS exemptions are used to charge indirect costs as direct costs and are to be applied for “unlike circumstances.” It is not clear whether in all instances 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. The institution reported 1,435 grants on the SEFA; of which 428 (30%) had CAS exemptions.

**Criteria** 2 CFR 220, Section F.6.b., Departmental Administration Expenses and Appendix A, Exhibit C, Examples of “Major Project” Where Direct Charging of Administrative or Clerical Staff Salaries May Be Appropriate

**Condition** In accordance with its cost accounting practice, in certain circumstances the institution charged costs, which are normally indirectly charged, directly to its Federal grants. The institution determined 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 were well beyond the core of departmental support routinely provided for departmental activities. The institution evaluates the existence of “unlike circumstances” on a project-by-project basis. However, it is questionable as to whether all the CAS exemptions used by the institution met the criteria for “unlike circumstances” as contemplated by USDHHS. For three grants tested (of which only one had an approved institution CAS exemption form), the institution included as direct charges \$4,082.61 for departmental charges such as telephone charges and office supplies that would normally be included in the institution’s indirect cost recovery rate proposal, as follows:

<u>Federal Grant No.</u>	<u>Amount</u>
5R01AI038178-09	\$2,738.69
N00039-02-C3244	\$1,117.94
MOA 2002-015	\$ 225.98

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	<p>For grant No. N00039-02-C3244, subsequent to audit inquiry, institution personnel obtained approval from the Federal sponsor for office supplies and telephone charges totaling \$1,116.99. Also, subsequent to audit inquiry, the institution removed the remainder of these expenditures totaling \$2,965.62, from the Federal grants.</p>
<b>Cause</b>	<p>While the institution is permitted to charge indirect costs as direct costs in “unlike circumstances”, the institution did not clearly demonstrate in its records that it properly applied the USDHHS criteria for “unlike circumstances” in all instances.</p>
<b>Effect</b>	<p>Federal funds may have been used for goods or services that were charged 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.</p>
<b>Recommendation</b>	<p>Given that the institution reported CAS exemptions for 30% of its Federal grants, 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.</p>
<b>USF Response and Corrective Action Plan</b>	<p>USF has a process in place to review all CAS exceptions for conformance with the requirements established in OMB Circular A-21. USF will establish a working group to review the volume of CAS exceptions to determine if the criteria of “unlike circumstances” is being interpreted correctly.</p>
<b>USF Contact and Telephone Number</b>	<p>Priscilla Pope, Associate Vice President for Research (813) 974-5555 Nick Trivunovich, Controller (813) 974-6061</p>
<b>Estimated Corrective Action Date</b>	<p>April 30, 2007</p>

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-108</b>
<b>CFDA Number</b>	10.001 and 12.431
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Agricultural Research – Basic and Applied Research (10.001) Basic Scientific Research (12.431)
<b>Compliance Requirement</b>	Allowable Costs/Costs Principles – Cost Transfers
<b>State Educational Entity</b>	<b>University of Central Florida (UCF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 10.001– 58-3611-2106, March 4, 2002 – January 14, 2007 CFDA No. 12.431 – MDA972-03-C-0043, May 23, 2003 – January 31, 2006
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$44,568.70
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-118
<b>Finding</b>	Cost transfers to correct grant expenditures were not completed timely, were not adequately supported, and were incorrectly used to correct a “borrowing” from one Federal grant for another.
<b>Criteria</b>	2 CFR 220, Appendix A, Section C.4.b-d, Allocable Costs and USDHHS Grants Administrative Manual, Chapter 6-05
<b>Condition</b>	In response to our prior audit finding, the institution strengthened its procedures related to supporting, reviewing, and approving cost transfers of grant expenditures. Although our current testing noted improvements, we also noted the following: <ul style="list-style-type: none"> <li>• For grant No. 58-3611-2106, OPS salary charges totaling \$25,240.35 were charged to this grant until the charges were transferred to the correct grant, 6½ months later. The institution had incurred delays in creating a separate account for a Foreign-funded grant and for 6½ months the institution “borrowed” funds from grant No. 58-3611-2106. Pursuant to Federal regulations, in such circumstances, the institution should use institution sources and not purposefully “borrow” from another Federal grant with the intention of transferring costs at a later date.</li> <li>• For grant No. MDA972-03-C-0043, salary charges totaling \$19,328.35, for the grant’s Principal Investigator, were transferred from an institutional account to this grant on August 22, 2005, seven months after the original charges were incurred. Subsequent to audit inquiry, on August 18, 2006, the institution completed a time-and-effort report supporting the transfer of costs.</li> </ul>
<b>Cause</b>	Controls over cost transfers were not adequate to ensure that all cost transfers were properly supported and completed timely.
<b>Effect</b>	When cost transfers are untimely and without adequate support, Federal charges may not be allowable for the grant to which the charges were transferred.
<b>Recommendation</b>	The institution should continue to strengthen its procedures for supporting, reviewing, and approving cost transfers of expenditures between grants to ensure that costs are charged to the appropriate program and that cost transfers are completed timely. As recommended in the USDHHS Grants Administrative Manual, as a sound business practice, cost transfers should be completed generally within four months of the original charge. Also, the institution should not “borrow” funds from a Federal program with the intention of using a cost transfer to correct the error, but should use institution funds if similar situations arise.
<b>UCF Response and Corrective Action Plan</b>	The university acknowledges the \$25,240.35 in graduate student salary charges for grant No. 58-3611-2106 was incorrectly assigned to the project. The salary charges have been removed from the grant and the appropriate credit has been



issued to the sponsor through the Financial Status Report process. For grant No. MDA972-03-C-0043, \$19,328.35 in salary charges was transferred to the project thirty (30) days after the date the university discovered the error. We believe the principal investigator's salary charge was allocable because he performed research services that directly benefited the project during the period indicated in the cost transfer documents. The principal investigator correctly recertified his time-and-effort report for the period in question.

The university established formal cost transfer policies and procedures in the spring semester of 2006. The university's new cost transfer policies and procedures incorporate a pre-review and approval process that includes the completion of a cost transfer explanation form with accompanying back-up documentation. The university's new cost transfer policy limits the types of allowable cost transfers and stipulates appropriate time periods in which a cost transfer can be charged to a sponsored project as delineated in OMB Circular A-21. The university's time and effort web-based system is linked with approved salary cost transfers to ensure faculty, students, and research employees properly certify their effort applied to sponsored research activities. The university's new cost transfer policies and web-based systems will ensure compliance with Federal regulations as required.

**UCF Contact and  
Telephone Number**

Dr. Tom O'Neal, Associate Vice President, Research and Commercialization  
(407) 823-3378

**Estimated Corrective  
Action Date**

January 23, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-109</b>
<b>CFDA Number</b>	12.431
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Basic Scientific Research
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – General Expenditures
<b>State Educational Entity</b>	<b>University of Central Florida (UCF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	MDA972-03-C-0043, May 23, 2003 – January 31, 2006
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$36,757.74
<b>Finding</b>	The institution did not always properly monitor Federal grant expenditures to ensure documentation was on file to support that amounts were valid, reasonable, and necessary.
<b>Criteria</b>	2 CFR 220, Appendix A, Section C.4.c.-d, Allocable Costs
<b>Condition</b>	We noted that expenditures totaling \$36,757.74 were not adequately supported, or did not appear reasonable and necessary for the grant, as follows: <ul style="list-style-type: none"> <li>• An interdepartmental equipment usage fee of \$20,000 was not supported by documentation of the rate charged per hour or the number of hours of actual usage.</li> <li>• Tuition totaling \$716.07 for the Fall 2005 term was charged for a graduate student that did not work on the grant during that term.</li> <li>• Payments totaling \$16,041.67 were for terms of an equipment maintenance agreement that extended beyond the grant period.</li> </ul>
<b>Cause</b>	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.
<b>Effect</b>	The institution was unable to demonstrate that costs were adequately supported and, consequently, Federal grant funds may have been used for goods or services that were not allowable and reasonable under the terms of the Federal grants tested.
<b>Recommendation</b>	The institution should strengthen its procedures to ensure charges to Federal grants are adequately supported.
<b>UCF Response and Corrective Action Plan</b>	<p>The university agrees with the graduate student tuition finding and has removed the \$716.07 charge from the grant. The research center will take corrective action by formally reconciling future tuition charges assessed against a sponsored project to graduate student payroll vouchers for accuracy.</p> <p>The university agrees that monthly equipment maintenance charges in the amount of \$16,041.67 were inadvertently assigned to the project and has therefore removed the charges from the project account. The research center will take corrective action by reconciling equipment maintenance agreements' coverage periods with the sponsored project period of performance as required.</p> <p>The university agrees that an interdepartmental equipment fee of \$20,000 was not supported by appropriate documentation of the rate charged per hour or the number of actual hours used and has therefore removed the charges from the grant. The university's Office of Research and Commercialization Compliance Office will begin evaluating and approving departmental service center/auxiliary budget positions to ensure that they adhere to OMB Circular A-21 guidelines. The</p>

Compliance Office will also monitor service center/auxiliary costs charged to sponsored project accounts.

**UCF Contact and  
Telephone Number**

Dr. Tom O'Neal, Associate Vice President, Research and Commercialization  
(407) 823-3778

**Estimated Corrective  
Action Date**

April 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-110</b>
<b>CFDA Number</b>	10.200, 43.999, and 81.086
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Grants for Agricultural Research, Special Research Grants (10.200) NASA – Other Federal Awards (43.999) Conservation Research and Development (81.086)
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – General Expenditures
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No.10.200 2003-34135-13903, September 15, 2003 – September 14, 2006 CFDA No. 43.999 NCC3-994, August 19, 2002 – August 18, 2007 CFDA No. 81.086 DEFC36-031D14437, April 23, 2003 – April 22, 2007
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$179,207.93
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-113
<b>Finding</b>	The institution did not always properly monitor Federal grant expenditures to ensure documentation was on file to support that goods and services were received; expenditures were properly approved, valid, reasonable, and necessary; and travel expenditures for employees were paid at rates authorized by State law.
<b>Criteria</b>	2 CFR 215.27, Allowable Costs; 2 CFR 220, Appendix A, Section J., General Provisions for Selected Items of Cost; and Section 112.061, Florida Statutes, Per Diem and Travel Expenses
<b>Condition</b>	Our tests of expenditures for 5 Federal grants disclosed the following: <ul style="list-style-type: none"> <li>• For 3 Federal grants, expenditures charged for miscellaneous supplies, travel, and other charges totaling \$10,207.93 were not supported by evidence of receipt of goods or services and of approval by a knowledgeable individual attesting to the validity, reasonableness, and necessity of the expenditures (\$1,997.86 grant No. 2003-34135-13903, \$7,858.66 grant No. NCC3-994, \$351.41 grant No. DEFC36-031D14437). Subsequent to audit inquiry, documentation evidencing receipt, certification, and approval of these expenditures was provided by the institution.</li> <li>• The institution reimbursed employees for mileage and meals using rates prescribed by the U.S. General Services Administration (GSA) Domestic Per Diem Rate Schedule instead of rates authorized by Section 112.061, Florida Statutes. 2 CFR 220, 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 \$169,000 (includes \$7,958.26 reported in finding No. FA 06-032. Meals were also charged at the GSA rates; however, the amounts that Federal programs were overcharged for meals were not readily available.</li> </ul>
<b>Cause</b>	The institution's procedures were not adequate to ensure that documentation included assurance that ordered items were received and all expenditures charged to Federal projects were adequately documented and approved as valid, reasonable, and necessary charges. In addition, the institution maintains that

	GSA rates are the approved travel reimbursement rates per institution policy, and therefore, GSA rates are allowable charges.
<b>Effect</b>	Federal grant funds may have been used for goods or services that were not allowable and reasonable under the terms of Federal grants.
<b>Recommendation</b>	The institution should enhance its procedures to maintain documentation attesting to receipt of goods and services and approval of the validity, reasonableness, and necessity of expenditures charged to Federal grants. Also, the institution should seek Federal clarification on the allowability of charging GSA rates for travel.
<b>UF Response and Corrective Action Plan</b>	<p>As noted for the first condition, the proper documentation was subsequently provided.</p> <p>With regard to the University's continued use of the GSA rates, it is the University's position that GSA rates are the approved travel reimbursement rates per University policy and this opinion has been supported by a recent opinion from our General Counsel's Office, which was shared with the Auditors. OMB Circular A-21, section C.2 and J.53 state 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 has adopted the GSA Schedule and this is used for all institutional travel reimbursements, unless specific Sponsored Project awards have other provisions. Because GSA Schedule rates are allowable charges to grants, the Federal programs are not being overcharged. We recently provided DHHS with a copy of our General Counsel's opinion.</p>
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Assistant Vice President and Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	The University believes these issues have been addressed.
<b>Auditor's Remarks</b>	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. As indicated in our operational audit report No. 2006-040, finding No. 18, the institution is required to pay travel costs (Federal or non-Federal) in accordance with Section 112.061, Florida Statutes, which establishes uniform maximum rates for per diem and travel expenses of officers and employees of governmental entities in Florida, including the institution. Absent specific authority to set rates other than those authorized in Section 112.061, Florida Statutes, the institution is without authority to use Federal grant moneys to reimburse employees for mileage and meals using GSA rates.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-111</b>
<b>CFDA Number</b>	12.300, 15.632, and 43.999
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Basic and Applied Scientific Research (12.300) Conservation Grants Private Stewardship for Imperiled Species (15.632) NASA - Other Federal Awards (43.999)
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – General Expenditures
<b>State Educational Entity</b>	<b>University of West Florida (UWF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 12.300 N00014-04-1-0384, April 5, 2004 – September 30, 2005 CFDA No. 15.632 401815G045, January 15, 2005 – January 31, 2008 CFDA No. 43.999 NNA04CK88A, September 1, 2004 – March 31, 2007
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$17,988.07
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-114
<b>Finding</b>	The institution did not always properly monitor Federal grant expenditures to ensure documentation was on file to evidence that amounts were reasonable, necessary, and directly related to the grant charged.
<b>Criteria</b>	2 CFR 215.27, Allowable Costs and 2 CFR 220, Appendix A, Section C.4.d.(1), (2), and (4), Allocable Costs
<b>Condition</b>	Evidence that amounts were reasonable, necessary, and directly related to the three grants tested was not provided in the following instances:  <b>Grant No. N00014-04-1-0384 (CFDA No. 12.300):</b> <ul style="list-style-type: none"> <li>• Documentation was not available in the institution's records to support \$2,340.78 of travel payments and related facilities and administrative (F&amp;A) charges as allowable grant expenditures. Explanations and justifications noted on the travel documents for the eight travel expenditures tested did not document the purpose and direct relationship of the travel to the grant. The eight travel expenditures tested related to four trips, made by the principal investigator (PI), to San Francisco, California. Travel documents indicated that the purpose of the travel was for "IHMC Meetings with Colleagues at NASA AMES;" however, that information does not indicate the direct relationship of the travel to the grant.</li> </ul> <b>Grant No. 401815G045 (CFDA No. 15.632):</b> <ul style="list-style-type: none"> <li>• For 19 of 20 travel expenditures tested, travel costs and related F&amp;A charges totaling \$5,134.41 were not documented as directly related to the accomplishment of grant related tasks. Specifically, we noted the following for the 19 travel expenditures: <ul style="list-style-type: none"> <li>▪ Nine expenditures (\$2,168.61) were for the payment of travel costs incurred by the PI even though the PI was not being paid from the grant the travel was charged. Explanations and justifications noted on the travel documents for the nine expenditures indicated that the purpose of the travel was to "conduct grant related activities," but the explanations did not document the direct relationship of the travel to the grant.</li> <li>▪ Six expenditures (\$1,588.76) incurred by grant employees, although approved by the PI, were not supported by documents evidencing the</li> </ul> </li> </ul>

direct relationship of the travel to the grant.

- One expenditure (\$242.98) was not approved by the PI's supervisor contrary to institution procedures, and documents supporting the expenditure did not evidence the direct relationship or benefit to the grant.
  - Two expenditures (\$774) were for the purchase of airline tickets for two senior laboratory assistants who were appointed to work on the grant. Institution records did not document the necessity and reasonableness of the purchase of these airline tickets.
  - One expenditure (\$360.06) was for a hotel room for which supporting documentation did not identify the names of the individuals who stayed in the room, and did not evidence the direct relationship of the travel to the grant.
- There was no documentation evidencing that the PI reviewed and approved \$4,208.40 of gasoline credit card payments tested. Receipts or other documentation were not provided to support \$567.63 of gasoline credit card payments and related F&A charges as allowable grant expenditures.

**Grant No. NNA04CK88A (CFDA No. 43.999):**

- For three travel expenditures tested totaling \$3,504.23, travel costs and related F&A charges were not adequately documented as directly related to the accomplishment of grant related tasks. Explanations and justifications noted on the travel documents for these expenditures did not adequately describe 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 two of the three travel charges tested.
- Grant funds totaling \$6,441.02 were used to purchase a computer, computer camera, and various computer parts that were used to upgrade an existing institution computer, and to pay for related F&A charges. None of the items were included in the grant budget.

<b>Cause</b>	Controls over the review and approval of grant expenditures were not adequate to ensure that documentation was retained supporting the reasonableness and direct relationship of payments charged to the Federal grants tested.
<b>Effect</b>	Federal grant funds may have been used for goods or services that were not allowable and reasonable under the terms of the Federal grants tested.
<b>Recommendation</b>	The institution should enhance its procedures to ensure that grant expenditures are adequately documented to evidence the allowability and direct relationship of the charges to the accomplishment of grant related tasks.
<b>UWF Response and Corrective Action Plan</b>	Procedures will be enhanced to review grant expenditures to ensure the allowability and direct relationship of grant expenditures to the accomplishment of grant objectives. For USFWS Grant #401815G045, after-the-fact and future requests for approval will be submitted to the grantor to allow for grant support personnel to travel from their home of record to work site instead of place of employment to work site. For NASA Cooperative Agreement #NNA04CK88A, a request for approval of funding changes was sent to the grantor on November 1, 2006. The University will work with the Federal grantors to resolve any questioned costs.
<b>UWF Contact and Telephone Number</b>	Director, Dr. Christine Cavanaugh (850) 474-2828
<b>Estimated Corrective Action Date</b>	March 31, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-112</b>
<b>CFDA Number</b>	10.200, 43.001, and 98.009
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Grants for Agricultural Research, Special Research Grants (10.200) Aerospace Education Services Program (43.001) John Ogonowski Farmer-to-Farmer Program (98.009)
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Indirect Cost Charges
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 10.200 RBS-03-28, October 1, 2003 – June 30, 2005 CFDA No. 43.001 NAG3-2786, April 30, 2002 – July 31, 2006 CFDA No. 98.009 EGA-A-00-03-00002, September 30, 2003 – September 29, 2008
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$52,972.27
<b>Finding</b>	The institution did not adequately monitor indirect cost charges on Federal grants to ensure documentation was on file to evidence that amounts charged were valid, reasonable, and necessary.
<b>Criteria</b>	2 CFR 220, Appendix A, Section C, Basic Considerations
<b>Condition</b>	Indirect costs are allowed charges that are based on total expenditures, less exclusions, multiplied by the institution's approved indirect cost rate. The institution did not provide documentation supporting indirect cost charges for three Federal projects tested. Consequently, the total indirect costs charged during the 2005-06 fiscal year totaling \$52,972.27 (\$2,370.44, grant No. RBS-03-28; \$33,342.73, grant No. NAG3-2786; and \$17,259.10, grant No. EGA-A-00-03-00002) were unsupported by institution records.
<b>Cause</b>	Due to staff turnover and problems implementing new accounting and records systems, the institution had not implemented procedures to ensure that documentation was retained evidencing that indirect costs charged were valid, reasonable, and necessary.
<b>Effect</b>	Federal grant funds may have been used for indirect costs that were not allowable or reasonable under the terms of the Federal grants tested.
<b>Recommendation</b>	The institution should enhance its procedures to monitor and maintain documentation supporting the reasonableness and allowability of indirect charges to Federal projects.
<b>FAMU Response and Corrective Action Plan</b>	Procedures have been enhanced to monitor and maintain documentation supporting indirect cost charges. Copies of the General Ledger 1(GL1), General Ledger Activity Report and the Legacy Payroll History File will be maintained as documentation to support the indirect cost charges. The revised final financial status report was submitted for RBS-03-028. The enhanced procedures will be continued for the on-going Federal grants NAG3-2786 and EGA-A-00-03-00002.
<b>FAMU Contact and Telephone Number</b>	Rufus Little (850) 412-5480
<b>Estimated Corrective Action Date</b>	June 30, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-113</b>
<b>CFDA Number</b>	12.800 and 66.436
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Air Force Defense Research Sciences Program (12.800) Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(B)(3) of the Clean Water Act (66.436)
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Leave Payouts
<b>State Educational Entity</b>	<b>Florida International University (FIU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 12.800 FA9550-05-1-0232, April 1, 2005 – March 31, 2007 CFDA No. 66.436 X7-99462194, October 1, 2004 – September 30, 2006
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs - \$11,250.34
<b>Finding</b>	The institution does not have adequate procedures for charging Federal grants for costs related to unused leave payments to terminated employees that have worked on multiple Federal grants during employment at the institution.
<b>Criteria</b>	2 CFR 220, Appendix A, Section J.10.f., Fringe Benefits
<b>Condition</b>	Our review of 10 employees that terminated employment during the 2005-06 fiscal year, and were paid unused leave, disclosed that 2 employees worked and earned leave from multiple Federal grants during their employment at the institution. However, unused leave payments for these two employees, totaling \$11,250.34, were charged to the last Federal grant the employees were assigned to, instead of being allocated to the Federal grants the employees worked on throughout their employment at the institution. The costs charged to Federal grants were as follows: <ul style="list-style-type: none"> <li>• CFDA No. 12.800, grant No. FA9550-05-1-0232 – \$7,027.94</li> <li>• CFDA No. 66.436, grant No. X7-99462194 – \$4,222.40</li> </ul>
<b>Cause</b>	The institution did not have procedures to identify and charge costs related to unused leave payments to terminated employees to the Federal grants on which its employees worked throughout their employment at the institution.
<b>Effect</b>	Federal funds were used to pay unused leave charges that should have been charged to multiple Federal grants, which resulted in overcharges to the Federal grants that were charged and undercharges to other Federal grants on which the employees worked.
<b>Recommendation</b>	The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants.
<b>FIU Response and Corrective Action Plan</b>	Grants terminate and are closed throughout an individual's employment at an institution making it impossible to charge these costs on an after-the-fact basis to closed projects. University policy limits the amount of leave that an individual can accrue and encourages that leave related to grants is utilized during the project. The unused leave costs are allocated on the basis of the current salary distribution at termination. Costs are distributed to active projects only.

The recommendation that unused leave be attributed to all grants and allocated appropriately can be accomplished by the development of a fringe benefit rate. Utilizing a fringe benefit rate would allow for the costs related to unused leave to be charged to grants as a pooled cost on a percentage basis while the grant is active. The Department of Health Human Services, Division of Cost Allocation (DCA) would have to approve the fringe benefit rate. The concept of allocating these costs was discussed with DCA and will be proposed in a fringe benefit calculation due March 30, 2007. The implementation date of the fringe benefit rate is projected for July 1, 2007.

**FIU Contact and  
Telephone Number**

Joseph Barabino  
(305) 348-0176

**Estimated Corrective  
Action Date**

July 1, 2007, or upon approval of a fringe benefit rate by DCA.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-114</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles – Time-and-Effort
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-111
<b>Finding</b>	After-the-fact time-and-effort reports reflecting actual time worked by employees on various Federal contracts and grants, and 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, principal investigator, or other individual with direct knowledge of the employee's work, contrary to Federal cost principles.
<b>Criteria</b>	2 CFR 220, Appendix A, Sections C., Basic Considerations and J.10, Compensation for Personal Services; and the Institution's Directives and Procedures
<b>Condition</b>	<p>The institution's procedures required that after-the-fact time-and-effort personnel activity reports (PARS) reflecting employees' effort on Federal grants be prepared at the end of each academic term. Federal rules require that after-the-fact time-and-effort PARS be completed within six months of the end of the academic term for academic personnel, and monthly for non-professorial or non-professional personnel. However, our review disclosed the following:</p> <ul style="list-style-type: none"> <li>• The PARS reflecting actual effort for the Summer 2005 term, which ended in August 2005, and the Fall 2005 term, which ended in December 2005, were not completed for institution personnel until May 12, 2006, and July 24, 2006, respectively, contrary to institution policy and Federal regulations.</li> <li>• Certification of non-professorial or non-professional employees' time-and-effort was performed on an academic term basis, rather than monthly.</li> <li>• Retroactive adjustments for salaries and benefits were not always made timely enough to be included in the final certified time-and-effort reports.</li> <li>• After-the-fact time-and-effort certifications for some departments with greater than 300 employees were done by one or a limited number of certifiers with limited knowledge of the work performed. Documentation of methods utilized by certifiers, if any, to ensure the accuracy of the reports was not provided.</li> </ul>
<b>Cause</b>	The institution implemented new accounting and time-and-effort reporting systems during the 2004-05 fiscal year. Although the institution was revising its procedures to ensure that all required certifications and retroactive adjustments were timely completed and adequately supported, the new procedures were not completely implemented by June 30, 2006.
<b>Effect</b>	Financial data may not be reliable, reports to users may not be accurate, and unallowable costs may be charged to grants and go undetected.
<b>Recommendation</b>	The institution should continue its efforts to implement revised procedures to provide timely and reliable after-the-fact activity reports certified by individuals with direct knowledge of the employee's work.
<b>UF Response and Corrective Action Plan</b>	The University agrees with the recommendations and has had the University Office of Audit and Compliance Review examine our effort reporting process in more detail. As a result, a significant joint initiative is now well underway to

enhance our effort reporting system. This includes the development of new certification forms to be signed by the Principle Investigator or employee, which will be piloted for the Fall 2006 term. Because of the magnitude of these changes it is anticipated that a staged implementation will occur with identified short-term and long-term goals.

With regard to the timeliness of the effort reporting process, the 2006 summer certification was completed within the required time-frame and we are on schedule with regard to the Fall 2006 term being completed on time as well.

**UF Contact and  
Telephone Number**

Michael V. McKee, Assistant Vice President and Controller  
(352) 392-1321

**Estimated Corrective  
Action Date**

Fall 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-115</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Cash Management
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	The institution's procedures were not adequate for determining the amount of interest earned on excess Federal funds and timely remitting the interest to the U.S. Department of Health and Human Services (USDHHS).
<b>Criteria</b>	2 CFR 215.22, Payment
<b>Condition</b>	During the 2005-06 fiscal year, the institution recorded its Federal grants in two funds. We requested the institution's calculation of interest earned on Federal grant moneys for both funds. The institution did not provide a calculation for one of the funds. For the other fund, the institution calculated interest earnings of \$2,087. However, the institution's interest calculation was incorrect because although the fund included both Federal and non-Federal grants, the calculation did not distinguish between Federal and non-Federal moneys. Subsequent to audit inquiry, the institution prepared a revised calculation showing interest earnings of \$28,128; however, the calculation was incorrectly based on the June 30, 2005, accounts receivable balance and on the June 30, 2006, deferred revenue balance, instead of being calculated on the excess cash balances during the 2005-06 fiscal year.
<b>Cause</b>	The institution did not have adequate procedures to determine, calculate, and remit interest earned on Federal grant moneys in excess of \$250 to USDHHS.
<b>Effect</b>	The institution may have earned and retained interest earnings on Federal grant moneys.
<b>Recommendation</b>	The institution should establish procedures to determine and calculate interest earnings on Federal grant moneys and, if applicable, remit interest earnings in excess of \$250 annually to USDHHS.
<b>FAMU Response and Corrective Action Plan</b>	<p>Where applicable, interest will be computed on awards on a monthly basis. Total interest in excess of \$250 will be returned to the appropriate Federal agency on a yearly basis as required by 2 CFR Part 215, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.</p> <p>The interest will be computed using the following formulas:</p> <ol style="list-style-type: none"> <li>1. Cash balance at the beginning of the month = Total Cash Received up to the beginning of a given month - Total Cash expenditures up to the beginning of the month.</li> <li>2. Cash balances at the end of the month = Total Cash Received up to the end of a given month - Total Cash expenditures up to the end of the month.</li> <li>3. Interest Earned for the month = (Cash balance at the beginning of the month - Cash Balance at the end of the month) / 2 x monthly interest rate.</li> <li>4. Cash balances will be based on reconciled general ledger amounts. The monthly interest rate will be the rate quoted by the bank for that month.</li> </ol>

<b>FAMU Contact and Telephone Number</b>	Rufus Little (850) 412-5480
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF COMMERCE

<b>Finding Number</b>	<b>FA 06-116</b>
<b>CFDA Number</b>	11.300
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Grants for Public Works and Economic Development Facilities
<b>Compliance Requirement</b>	Davis-Bacon Act
<b>State Educational Entity</b>	<b>University of Central Florida (UCF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	04-01-05510, October 21, 2004 – May 20, 2007
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$1,589,471.40
<b>Finding</b>	The institution did not obtain the required weekly certified payrolls from contractors and subcontractors for contracts or subcontracts covered by the Davis-Bacon Act, as required. Additionally, due to a property title issue that was not resolved prior to commencement of construction, the Federal agency has not reimbursed the institution for the Federal share.
<b>Criteria</b>	29 CFR Section 5.5(a), Contract Provisions and Related Matters
<b>Condition</b>	Total estimated project cost for the expansion of a research facility was \$3,685,750, of which \$1,500,000 was to be funded by the Federal grant. Our audit disclosed three expenditures charged to the grant totaling \$856,019.60, and three expenditures charged to the grant's matching account totaling \$733,451.80, that were not supported by documentation (i.e., certified payrolls from contractors and subcontractors) evidencing compliance with Davis-Bacon Act wage rate requirements. Upon audit inquiry, documentation of compliance with Davis-Bacon Act wage rate requirements for subcontractor wages was provided by the institution only after the institution obtained the information from the project's construction manager in response to an audit request.  Additionally, as of December 1, 2006, the institution had incurred costs totaling \$3,595,259 for expenditures on the project. However, due to a property title issue, the Federal agency has refused to reimburse the institution for any of the Federal share. The institution is currently working with the Department of Commerce's Economic Development Administration (EDA) to satisfy grant requirements regarding the institution's title to the project's subject property. Contrary to Special Condition No. 7 of the grant award document, the institution did not resolve the property title issue prior to solicitation of bids for construction of the project.
<b>Cause</b>	Due to lack of oversight, the institution did not ensure that all construction contracts and subcontracts greater than \$2,000 and funded by Federal grants included the required Davis-Bacon Act prevailing wage rate clauses, and had not established procedures requiring certification by appropriate institution personnel that amounts charged to this grant were in accordance with Davis-Bacon Act requirements.
<b>Effect</b>	Funds may have been paid for amounts that were unallowable under this grant. Additionally, the institution may not be reimbursed for \$1,500,000, the Federal share, unless the property title is resolved in favor of the institution.
<b>Recommendation</b>	The institution should strengthen its procedures to ensure that amounts charged to grants are in accordance with Davis-Bacon Act requirements. Additionally, the institution should continue working with the EDA to resolve the property title issue.

**UCF Response and  
Corrective Action Plan**

The university acknowledges that it incorrectly monitored labor rates billed against the grant, and has taken corrective steps to ensure the Facilities Planning department properly monitors contract and subcontract prevailing Federal wage rates in accordance with the Davis-Bacon Act. The university reviewed construction labor payroll funds issued from the building contractor and the subcontractor's during the audit period and found all construction labor hourly rates charged to the grant were in accordance with the Davis-Bacon Act prevailing wage rates as required. We believe that all labor costs charged to the grant and the cost share account were in accordance with the Davis-Bacon Act prevailing wage rates, and as such should be allowed as charged. For future contracts, Facilities Planning will require salary information from subcontractors with all requests for payment. Subcontractor salary information will be reviewed for compliance with the Davis-Bacon Act prior to payment approval.

The university acknowledges that it had encountered complications in completing Department of Commerce property title and covenant requirements due to the State campus lease agreement and university property plane coordinate system. The university completed a new "legal description" and property survey which has been accepted by the Department of Commerce General Counsel. In concert with the Commerce Department accepted legal description, the university has completed the required "Title Opinion" and "Engineering Certificate", and has executed the Department of Commerce "Covenant of Purpose, Use and Ownership" agreement. The completed property title and covenant documents will enable the Department of Commerce to issue fund reimbursement to the university.

**UCF Contact and  
Telephone Number**

Dr. Tom O'Neal, Associate Vice President, Research and Commercialization  
(407) 823-3378

**Estimated Corrective  
Action Date**

April 30, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-117</b>
<b>CFDA Number</b>	93.048
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Special Programs for the Aging - Title IV and Title II - Discretionary Projects
<b>Compliance Requirement</b>	Matching, Level of Effort, and Earmarking
<b>State Educational Entity</b>	<b>Florida International University (FIU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	90AM2768/03, September 30, 2003 – September 29, 2006 (with a no-cost extension through September 29, 2007)
<b>Finding Type</b>	Material Noncompliance and Reportable Condition Questioned Costs – \$32,517.93
<b>Finding</b>	The institution did not always maintain adequate documentation evidencing that mandatory cost-share (match) requirements were met.
<b>Criteria</b>	2 CFR 215.23, Cost Sharing or Matching
<b>Condition</b>	The institution did not always adequately document compliance with mandatory cost-share requirements for one of the three grants tested. For grant No. 90AM2768/03, we noted the following: <ul style="list-style-type: none"> <li>• After-the-fact confirmations of time-and-effort were not completed for five graduate students employed during the Fall 2005 term. The salaries totaled \$28,005.57, and were allocated 100 percent to cost-share.</li> <li>• For the Fall 2005 term, tuition waivers for four students were used to meet the grant's cost-share requirement in the amount of \$24,267.15. However, the accounting records only supported waivers totaling \$19,754.79, resulting in the cost-share amount being over-reported by \$4,512.36.</li> </ul>
<b>Cause</b>	The institution did not have adequate procedures to ensure that cost-sharing requirements for Federal grants were met and adequately supported. Also, institution personnel indicated that after-the-fact time-and-effort confirmations for graduate students were not obtained because the institution does not require them.
<b>Effect</b>	The institution may not have met cost-share requirements of the grantor. When cost-share requirements are not met, the institution may be subject to the termination of the grant and the disallowance of grant costs.
<b>Recommendation</b>	The institution should enhance its procedures to ensure that compliance with Federal cost-share requirements is adequately documented.
<b>FIU Response and Corrective Action Plan</b>	The effort reporting system was under development in fall of 2005 and may not have captured all graduate students at that time. The system currently captures the effort certification for graduate students and adheres to the following policy: An after-the-fact certification of effort is required of all individuals performing services on a sponsored project when all or a portion of their salary is charged to a sponsored project. Effort reports must be a reasonable estimate of the individual's time-and-effort during the time certified. Effort reports must be certified by either the individual whose time-and-effort is being certified or someone having firsthand knowledge of the activities performed by the employee.  The cost sharing tracking policy requires annual review of cost-share documentation maintained by the department. The policy for tracking cost-share will be revised to include more frequent reviews to insure adequate documentation is being maintained by the department.

**FIU Contact and  
Telephone Number**

Joseph Barabino  
(305) 348-0176

**Estimated Corrective  
Action Date**

The inclusion of graduate students in the Time-and-Effort reporting system was fully implemented in Spring 2006.

The cost share tracking policy will be revised by February 28, 2007, to include more frequent monitoring of cost-share documentation. A workshop will be conducted in March 2007 to provide guidance and training on the documentation required to support cost-sharing commitments.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-118</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, and Earmarking
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-127
<b>Finding</b>	The institution had not fully implemented revised procedures by June 30, 2006, to ensure preparation of reliable cost-share reports and documentation that mandatory cost-share requirements were met.
<b>Criteria</b>	2 CFR 215.23(a), Cost Sharing or Matching
<b>Condition</b>	In our report No. 2006-152, finding No. FA 05-127, we noted that the institution did not document that cost-share (match) requirements were met for all programs that required mandatory cost-share. During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006, and the institution was continuing to work toward compliance.
<b>Cause</b>	The institution implemented a new accounting system during the 2004-05 fiscal year, however, cost-share information was not readily accessible under the institution's new accounting system. The institution was revising its procedures to ensure preparation of reliable cost-share reports and documentation that mandatory cost-share requirements are met; however, the new procedures were not completely implemented, and 2005-06 fiscal year cost-share reports were not finalized by June 30, 2006.
<b>Effect</b>	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 projects were not also included as cash or in-kind contributions on other Federally-funded projects, or were provided 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.
<b>Recommendation</b>	The institution should continue its efforts to develop reliable cost-share reports to ensure that all Federal cost-share is correctly calculated, adequately documented, and accurately reported.
<b>UF Response and Corrective Action Plan</b>	The University concurs and has been working to develop the necessary reports to ensure the proper recording of cost-sharing. The final reports will be in production in January 2007. Additionally, time will be required to review and adjust some activity that occurred during the initial system implementation.
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Assistant Vice President and Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-119</b>
<b>CFDA Number</b>	12.300, 12.420, 12.431, and 47.074
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Basic and Applied Scientific Research (12.300) Military Medical Research and Development (12.420) Basic Scientific Research (12.431) Biological Sciences (47.074)
<b>Compliance Requirement</b>	Procurement and Suspension and Debarment – Suspension and Debarment
<b>State Educational Entity</b>	<b>University of South Florida (USF)</b>
<b>Pass-Through Agency</b>	STS International, Inc. (CFDA No. 12.431 only)
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 12.300 N00014-05-1-560, March 15, 2005 – August 31, 2006 CFDA No. 12.420 DAMD 17-01-2-0056, October 1, 2001 – October 31, 2006 CFDA No. 12.431 HLSS-05, July 14, 2003 – September 30, 2006 CFDA No. 47.074 MCB-0447294, May 1, 2005 – April 30, 2007
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-129
<b>Finding</b>	Prior to entering into agreements with vendors used for covered Federal transactions equal to or greater than \$25,000, the institution did not determine whether vendors were debarred or suspended from receiving Federal funds.
<b>Criteria</b>	2 CFR 215.44(d), Procurement Procedures and the November 26, 2003, Federal Register, Rules Debarment and Suspension
<b>Condition</b>	The institution did not obtain a written certification from its vendors, or check the Excluded Parties List System (EPLS) maintained by the General Services Administration for vendors debarred or suspended from receiving Federal funds for covered Federal transactions. Although our review of five Federal purchases totaling \$336,702.75, with five vendors, disclosed that the vendors were not on the EPLS at the time of our audit test, the potential for not detecting excluded vendors exists because the institution did not verify vendors were not excluded prior to subcontracting.
<b>Cause</b>	During the audit period, the institution's purchasing office did not have procedures to obtain written certification from vendors certifying they were not suspended or debarred or verify independently that vendors were not on the EPLS excluded vendors list.
<b>Effect</b>	Covered Federal transactions may be entered into with vendors that have been suspended or debarred, resulting in charges subject to disallowance by Federal agencies.
<b>Recommendation</b>	The institution should implement procedures to ensure that vendors used for covered Federal transactions are not debarred or suspended from receiving Federal funds.
<b>USF Response and Corrective Action Plan</b>	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  
974-2539  
Nick Trivunovich, Controller  
974-6061

**Estimated Corrective  
Action Date**

January 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-120</b>
<b>CFDA Number</b>	10.200, 43.001, and 98.009
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Grants for Agricultural Research, Special Research Grants (10.200) Aerospace Education Services Program (43.001) John Ogonowski Farmer-to-Farmer Program (98.009)
<b>Compliance Requirement</b>	Reporting
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 10.200 (USDA) RBS-03-28, October 1, 2003 – June 30, 2005 CFDA No. 43.001 (NASA) NAG3-2786, April 30, 2002 – July 31, 2006 CFDA No. 98.009 (USAID) EGA-A-00-03-00002, September 30, 2003 – September 29, 2008
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-130
<b>Finding</b>	The institution's procedures did not always ensure the completeness and accuracy of information reported to Federal agencies.
<b>Criteria</b>	2 CFR 215.51, Monitoring and Reporting Program Performance and 215.52, Financial Reporting
<b>Condition</b>	Our review of the June 30, 2006, Financial Status Reports (SF-269) and Federal Cash Transactions Reports (SF-272) for three grants disclosed that the reported revenue and disbursement amounts did not agree with the institution's accounting records. The USDA report overstated net disbursements by \$1,605.26, the NASA report understated net disbursements by \$11,284.05, and the USAID report understated net disbursements by \$14,367.46, when compared to the disbursements in the accounting records. In addition, the NASA report overstated net revenues by \$1,824.95 and the USAID report understated net revenues by \$27,480.05.
<b>Cause</b>	The institution's procedures were not always adequate to monitor the accuracy of financial information reported to Federal agencies.
<b>Effect</b>	The SF-269 and SF-272 reports are used by the institution and Federal agencies to monitor cash advanced to recipients and to obtain disbursement information from the institution. Failure to provide accurate information to the Federal agencies limits the ability of the institution and the Federal agencies to properly administer the program, as well as provide accurate data to other parties.
<b>Recommendation</b>	The institution should enhance its monitoring procedures to ensure the accuracy of financial information reported to Federal agencies, and correct prior reports as applicable.
<b>FAMU Response and Corrective Action Plan</b>	The University has enhanced its monitoring procedure to ensure the accuracy of the financial information reported to Federal agencies. Contracts and Grants will generate several General Ledger monitoring reports to ensure that the information reported to Federal agencies is accurate. Prior reports that required correction have been completed.
<b>FAMU Contact and Telephone Number</b>	Rufus Little (850) 412-5480
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-121</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b>
<b>Compliance Requirement</b>	Subrecipient Monitoring
<b>State Educational Entity</b>	<b>University of Florida (UF)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	The institution did not adequately monitor grant subrecipients to ensure that the institution did not disburse Federal funds to a subrecipient that expended \$500,000 or more of Federal funds during the prior fiscal year without first determining that the subrecipient had an OMB Circular A-133 audit completed for the prior fiscal year, and that there were no unresolved findings related to the program funded through the institution. Also, the institution did not provide certain required information to subrecipients.
<b>Criteria</b>	OMB Circular A-133, § __.400(d), Pass-Through Entity Responsibilities
<b>Condition</b>	<p>To determine that audit requirements have been met by a subrecipient, the institution maintains an online listing, OMB A-133 Subcontract Report (Report), which identifies subrecipients expending Federal awards of \$500,000 or more during the prior fiscal year. Our audit tests of the institution's monitoring efforts regarding seven subrecipients disclosed the following:</p> <ul style="list-style-type: none"> <li>• Payments totaling \$676,164 were made during the fiscal year 2005-06 to three subrecipients that expended \$500,000 or more of Federal funds during the prior fiscal year; however, these subrecipients were not included on the institution's Report. On September 5, 2006, subsequent to audit inquiry, the subrecipients' audit reports were obtained and the institution requested, from two of the subrecipient's management, certifications that corrective action had been taken regarding findings included in the subrecipients' audit reports. One response was received on September 21, 2006; the other response had not been received as of November 8, 2006.</li> <li>• Payments totaling \$2,659,999 were made during the 2005-06 fiscal year to four subrecipients shown on the institution's Report as having had an audit; however, the institution had not obtained from the four subrecipients' management certifications that the audit reports did not include any findings relating to the program funded through the institution. Subsequent to audit inquiry, requests were made for management certifications from the subrecipients.</li> </ul> <p>In addition, the institution's contract document template with subrecipients did not include all required information, such as the Federal award CFDA number and title and the reporting cluster (R&amp;D).</p>
<b>Cause</b>	The institution's procedures were not adequate to properly monitor grant subrecipients' compliance with OMB Circular A-133 audit requirements.
<b>Effect</b>	The institution may be disbursing Federal funds to subrecipients that do 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 OMB Circular A-133 audit requirements, the institution has limited assurance that Federal funds awarded to subrecipients are being expended and reported in accordance with Federal program requirements.

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<b>Recommendation</b>	The institution should strengthen its procedures for monitoring the subrecipients of Federal grants to ensure subrecipient compliance with OMB Circular A-133 audit requirements.
<b>UF Response and Corrective Action Plan</b>	<p>The University has a subrecipient monitoring process in place, but has recently taken action to further enhance it. The enhanced monitoring process provides for the timely review and identification of subrecipient A-133 findings and whether any additional reporting requirements should be required of the subrecipient based on the findings.</p> <p>The requested response and management certifications noted in the conditions were subsequently received. Responses indicated that the findings were not related to the University subawards.</p>
<b>UF Contact and Telephone Number</b>	Michael V. McKee, Assistant Vice President and Controller (352) 392-1321
<b>Estimated Corrective Action Date</b>	February 28, 2007



## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-122</b>
<b>CFDA Number</b>	Various
<b>Program Title</b>	<b>Various</b>
<b>Compliance Requirement</b>	Special Tests and Provisions – Closeout Procedures
<b>State Educational Entity</b>	<b>Florida Agricultural and Mechanical University (FAMU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Prior Year Finding</b>	Report No. 2006-152, Finding No. FA 05-119
<b>Finding</b>	While the institution had developed written grant closeout procedures, the institution's accounting and grant records reflected numerous expired contract and grant accounts that had not been closed by the institution.
<b>Criteria</b>	2 CFR 215.71, Closeout Procedures
<b>Condition</b>	<p>The institution provided a list of 1,346 contract and grant accounts that expired prior to July 1, 2004, and had been closed as of June 30, 2006. However, 364 accounts included positive cash balances totaling \$4,550,284.31, 453 accounts included negative cash balances totaling \$8,777,786.91, and 529 accounts had a zero balance. We reviewed 75 of these accounts and found that only 18 were actually closed in both the accounting and grant records system. The remaining grants still had a balance in the accounting records, or were not completely closed in the grant records.</p> <p>Also, after July 1, 2004, there were additional expired contract and grant accounts that were still open or active. We requested, but were not provided, a quantification of the accounts and their balances. In addition, upon further review we noted another 127 expired grants recorded in a project 99999 account. We requested, but were not provided, the balances for these accounts.</p>
<b>Cause</b>	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 closed in accordance with grant terms.
<b>Effect</b>	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. Also, if it is determined that cash balances exist, the institution will be required to return applicable Federal funds and remit interest earnings in excess of \$250 annually to USDHHS.
<b>Recommendation</b>	The institution should enhance 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 closed in accordance with grant terms.
<b>FAMU Response and Corrective Action Plan</b>	<p>The University will enhance its efforts and procedures to monitor and review the close-out process to ensure that the balances do not remain in expired accounts.</p> <p>The Contracts and Grants Office of the Controller will review the current cash account codes (121000, 120000, and 112000) to determine balances to be transferred to the balance account project (to be established). We plan to transfer all funds in accounts 121000 into account 112000 and eliminate 121000.</p> <p>We will also ensure that in determining the cash balance for projects we use accounts 112000 as well as 120000 to close accounts in accordance with grant terms.</p>

<b>FAMU Contact and Telephone Number</b>	Rufus Little (850) 412-5480
<b>Estimated Corrective Action Date</b>	June 30, 2007

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 06-123</b>
<b>CFDA Number</b>	12.300, 47.049 and 47.074
<b>Program Title</b>	<b>Research and Development Cluster (R&amp;D)</b> Basic and Applied Scientific Research (12.300) Mathematical and Physical Sciences (47.049) Biological Sciences (47.074)
<b>Compliance Requirement</b>	Special Tests and Provisions – Closeout Procedures
<b>State Educational Entity</b>	<b>Florida State University (FSU)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	CFDA No. 12.300 (Office of Naval Research - ONR) N00014-94-1-0369, January 1, 1994 – September 30, 2005 CFDA No. 47.049 (National Science Foundation - NSF) CHE-9909502, January 1, 2000 – December 31, 2005 CFDA No. 47.074 (NSF) DEB-0309177, May 1, 2003 – April 30, 2005
<b>Finding Type</b>	Material Noncompliance and Reportable Condition
<b>Finding</b>	The institution did not always accurately and timely report final grant information to the Federal awarding agencies. In addition, expired contract and grant accounts that were reported as final were not always administratively closed in the institution's accounting and grant records.
<b>Criteria</b>	2 CFR 215.71, Closeout Procedures and Grant Award Notifications
<b>Condition</b>	Although the institution had developed written grant closeout procedures, the procedures had not been fully implemented during the 2005-06 fiscal year. Our review of the institution's grant closeout procedures disclosed that the institution did not always accurately and timely report final grant information to Federal awarding agencies and did not administratively close three of the five grants tested, as follows: <ul style="list-style-type: none"> <li>• For grant No. N00014-94-1-0369, the institution incorrectly reported to ONR on the final Financial Status Report (SF-269) dated February 27, 2006, a cost-share amount of only \$1,632,735.15, when in fact, the required cost-share amount of \$1,638,353 had been provided. In addition, the report was submitted 60 days late. Review of the accounting records at June 30, 2006, disclosed that there was a negative cash balance of \$14.23 although the final report was submitted February 27, 2006, and the balance should have been zero to reflect a final closeout status as reported.</li> <li>• For grant No. CHE-9909502, the institution's Federal Cash Transactions Report (SF-272), dated June 30, 2006, reported the grant as financially closed to NSF; however, the \$5,822,106.97 reported as cumulative net disbursements did not agree with the accounting records totaling \$5,907,298.34. In addition, the accounting records showed a negative cash balance of \$75,003.84 and the grant's property records at June 30, 2006, listed 258 items still in service, whereas the cash balance should have been zero and the property items should no longer have been assigned to the grant.</li> <li>• For grant No. DEB-0309177, the final project report was submitted to NSF on September 26, 2005, 59 days late.</li> </ul>
<b>Cause</b>	Due to the implementation of the institution's new accounting and records system during the 2004-05 fiscal year, personnel did not finalize the grant closeout process until calendar year 2006. In addition, institution personnel indicated that they are beginning to make a concerted effort to train staff and complete the closeout of expired grants.

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<b>Effect</b>	Although the final determination of these accounts is not yet known, the likelihood of collecting Federal money due may be low and may result in a loss for the institution because the reimbursement time periods are excessive or the grant accounts have been closed. Also, since the SF-269 and SF-272 reports are used by the institution and Federal agencies to monitor cash advanced to recipients and to obtain disbursement information, failure to provide timely, accurate and verifiable information to the Federal agencies limits the ability of the institution and the Federal agencies to properly administer the program and provide accurate data to other interested parties.
<b>Recommendation</b>	The institution should continue its efforts to review and monitor contract and grant accounts to ensure the accuracy and timeliness of final reports, that cash balances do not remain in expired accounts, and that expired accounts are closed in accordance with grant terms.
<b>FSU Response and Corrective Action Plan</b>	<p>For grant No. N00014-94-1-0369, the required adjustments have been initiated and these projects are being financially closed in FSU's records. There was no loss in revenue to FSU.</p> <p>For grant No. CHE-9909502, the university has ensured that all funds have been received and these projects are being financially closed in FSU's records. There was no loss in revenue to FSU.</p> <p>The university continues to work with the principal investigators to ensure timely reporting.</p>
<b>FSU Contact and Telephone Number</b>	Pete Derham, Director, Sponsored Research Accounting Services (850) 644-8672
<b>Estimated Corrective Action Date</b>	January 31, 2007

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Acronyms and abbreviations used in the State's Schedule of Expenditure of Federal Awards 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
FAPD .....	Florida Agency for Persons with Disabilities
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 (1)
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
FPC .....	Florida Parole Commission
FSDB.....	Florida School for the Deaf and the Blind
JAC .....	Justice Administrative Commission (Includes State Attorneys and Public Defenders)
SU .....	State Universities
SCC.....	State Community Colleges

(1) Amounts reported for FDCA include expenditures related to the Florida Division of Emergency Management (FDEM).

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2006**

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>Office of National Drug Control Policy</b>				
Direct Programs - Not Clustered:				
Other Federal Awards	FDLE	07.999	\$ 166,431	\$ 36,192
Subtotal - Direct Programs - Not Clustered			\$ 166,431	\$ 36,192
Indirect Programs - Not Clustered:				
Other Federal Awards	FDLE	07.999	62,955	
Subtotal - Indirect Programs - Not Clustered			\$ 62,955	\$
Subtotal - Office of National Drug Control Policy			\$ 229,386	\$ 36,192
<b>U. S. Department of Agriculture</b>				
Direct Programs - Clustered:				
Child Nutrition Cluster:				
School Breakfast Program	FDOE/ FSDB/ SU	10.553	122,690,692	121,746,759
National School Lunch Program	FDJJ/ FDOC/ FDOE/ FSDB/ SU	10.555	431,333,315	423,234,384
Special Milk Program for Children	FDOE	10.556	90,825	90,825
Summer Food Service Program for Children	FDOE/ SCC	10.559	14,634,191	13,911,547
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program (Administrative Costs)	FDACS	10.568	3,336,881	
Emergency Food Assistance Program (Food Commodities)*	FDACS	10.569	12,969,715	12,969,715
Food Stamp Cluster:				
Food Stamps*	FDCFS	10.551	1,726,857,175	
State Administrative Matching Grants for Food Stamp Program	FAWI/ FDCFS/ FDLE/ FDOE	10.561	75,661,528	17,935,209
Research and Development Programs Cluster:				
Agricultural Research Basic and Applied Research	SU	10.001	2,676,088	42,043
Plant and Animal Disease, Pest Control, and Animal Care	SU	10.025	890,519	37,000
Wildlife Services	SU	10.028	3,472	
Conservation Reserve Program	SU	10.069	71,571	
Grants for Agricultural Research - Special Research Grants	SU	10.200	10,115,668	2,024,695
Cooperative Forestry Research	SU	10.202	669,910	
Payments to Agricultural Experiment Stations under the Hatch Act	SU	10.203	2,894,644	
Grants for Agricultural Research - Competitive Research Grants	SU	10.206	1,369,934	60,155
Animal Health and Disease Research	SU	10.207	57,662	
1890 Institution Capacity Building Grants	SU	10.216	559,728	
Higher Education Challenge Grants	SU	10.217	26,819	
Biotechnology Risk Assessment Research	SU	10.219	57,767	26,403
Hispanic Serving Institutions Education Grants	SU	10.223	34,929	
Initiative for Future Agriculture and Food Systems	SU	10.302	730,648	54,625
Integrated Programs	SU	10.303	1,093,069	264,310
Homeland Security - Agricultural	SU	10.304	805,337	524,805
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	SU	10.443	1,948	
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	SU	10.456	180,830	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	SU	10.475	20,270	
Cooperative Extension Service	SU	10.500	2,249,238	
Forestry Research	SU	10.652	538,508	
Technical Agricultural Assistance	SU	10.960	88,301	
Scientific Cooperation and Research	SU	10.961	17,787	
Other Federal Awards	SU	10.999	1,106,104	186,992
Schools and Roads Cluster:				
Schools and Roads - Grants to States	FDFS	10.665	2,585,593	
Subtotal - Direct Programs - Clustered			\$ 2,416,420,666	\$ 593,109,467
Direct Programs - Not Clustered:				
Agricultural Research Basic and Applied Research	Citrus/ SCC/ SU	10.001	226,189	
Plant and Animal Disease, Pest Control, and Animal Care	FDACS/ SU	10.025	43,374,238	
Wildlife Services	FDACS/ FFWCC	10.028	38,733	
Wetlands Reserve Program	FFWCC	10.072	29,376	
Federal-State Marketing Improvement Program	Citrus/ FDACS	10.156	2,357,694	
Market Protection and Promotion	FDACS	10.163	1,724,133	
Grants for Agricultural Research - Special Research Grants	FDACS/ SU	10.200	74,097	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	SU	10.210	23,977	
Higher Education Challenge Grants	SU	10.217	137,135	46,806
Higher Education Multicultural Scholars Program	SU	10.220	20,640	
Hispanic Serving Institutions Education Grants	SCC	10.223	39,534	
Community Food Projects	SU	10.225	448,462	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Agriculture (Continued)</b>				
Direct Programs – Not Clustered (Continued):				
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	SCC	10.226	\$ 23,025	\$ 7,973
Integrated Programs	SU	10.303	299,723	66,220
Homeland Security - Agricultural	FDACS	10.304	621,296	
State Mediation Grants	SU	10.435	37,867	
Crop Insurance	FDACS	10.450	137,582	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	SU	10.475	7,453	
Meat, Poultry, and Egg Products Inspection	FDACS	10.477	26,799	
Cooperative Extension Service	SU	10.500	4,870,892	
Food Donation*	FDACS/ FSDB	10.550	42,322,869	42,304,245
Special Supplemental Nutrition Program for Women, Infants, and Children	FDOH	10.557	260,329,138	773,191
Child and Adult Care Food Program	FDOEA/ FDOH/ SCC	10.558	117,428,505	115,285,076
State Administrative Expenses for Child Nutrition	FDACS/ FDOE/ FDOEA/ FDOH	10.560	7,709,708	138,828
Nutrition Services Incentive	FDOEA	10.570	87,964	
WIC Farmers Market Nutrition Program (FMNP)	FDACS	10.572	382,846	
Market Access Program	Citrus	10.601	5,499,753	
Forestry Research	FDACS/ SU	10.652	383,623	4,881
Cooperative Forestry Assistance	FDACS/ SU	10.664	12,745,488	622,056
Rural Development, Forestry, and Communities	FDACS	10.672	118,694	100,054
Urban and Community Forestry Program	FDACS	10.675	1,569,931	407,442
Forest Legacy Program	FDACS	10.676	8,175	
Forest Land Enhancement Program	FDACS	10.677	201,447	201,447
Forest Stewardship Program	FDACS	10.678	3,766,179	398,379
Distance Learning and Telemedicine Loans and Grants	FDOH	10.855	133,353	
Soil and Water Conservation	FDACS/ FFWCC/ SCC	10.902	1,241,462	
Wildlife Habitat Incentive Program	FFWCC	10.914	58,064	
Other Federal Awards	SCC/ SU	10.999	1,688,116	28,097
Subtotal - Direct Programs - Not Clustered			<u>\$ 510,194,160</u>	<u>\$ 160,384,695</u>
Indirect Programs – Clustered:				
Food Stamp Cluster:				
Food Stamps*	SCC	10.551	72,252	
State Administrative Matching Grants for Food Stamp Program	SCC	10.561	285,682	
Research and Development Programs Cluster:				
Agricultural Research Basic and Applied Research	SU	10.001	19,053	
Plant and Animal Disease, Pest Control, and Animal Care	SU	10.025	9,733	
Grants for Agricultural Research - Special Research Grants	SU	10.200	722,458	251,399
Grants for Agricultural Research - Competitive Research Grants	SU	10.206	70,401	
Small Business Innovation Research	SU	10.212	11,747	
Higher Education Challenge Grants	SU	10.217	33,951	
Initiative for Future Agriculture and Food Systems	SU	10.302	70,574	
Integrated Programs	SU	10.303	7,224	
Organic Agriculture Research and Extension Initiative	SU	10.307	3,982	
Cooperative Extension Service	SU	10.500	104,992	
Forestry Research	SU	10.652	26,799	
Scientific Cooperation and Research	SU	10.961	10,331	
Other Federal Awards	SU	10.999	229,593	
Subtotal - Indirect Programs - Clustered			<u>\$ 1,678,772</u>	<u>\$ 251,399</u>
Indirect Programs - Not Clustered:				
Grants for Agricultural Research - Special Research Grants	SU	10.200	44,039	1,350
1890 Institution Capacity Building Grants	SU	10.216	21,475	
Higher Education Challenge Grants	SU	10.217	4,118	
Integrated Programs	SU	10.303	193,526	
Homeland Security - Agricultural	SU	10.304	16,277	
Commodity Partnerships for Risk Management Education	SU	10.457	6,392	
Cooperative Extension Service	SU	10.500	89,290	18,854
Emerging Markets Program	SCC	10.603	69,315	
Rural Business Enterprise Grants	SU	10.769	22,649	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 467,081</u>	<u>\$ 20,204</u>
Subtotal - U. S. Department of Agriculture			<u>\$ 2,928,760,679</u>	<u>\$ 753,765,765</u>
<b>U. S. Department of Commerce</b>				
Direct Programs – Clustered:				
Public Works and Economic Development Cluster:				
Grants for Public Works and Economic Development Facilities	SCC/ SU	11.300	2,121,808	



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Commerce (Continued)</b>				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster:				
Sea Grant Support	SU	11.417	\$ 1,914,151	\$ 1,309,523
Coastal Zone Management Administration Awards	SU	11.419	21,247	
Coastal Zone Management Estuarine Research Reserves	SU	11.420	60,181	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	SU	11.427	55,281	43,242
Undersea Research	SU	11.430	11,274	
Climate and Atmospheric Research	SU	11.431	1,559,010	93,891
Marine Fisheries Initiative	SU	11.433	201,151	
Pacific Fisheries Data Program	SU	11.437	2,363	
Marine Mammal Data Program	SU	11.439	101,707	83,202
Environmental Sciences, Applications, Data, and Education	SU	11.440	20,849	
Regional Fishery Management Councils	SU	11.441	9	
Unallied Management Projects	SU	11.454	433,800	28,052
Special Oceanic and Atmospheric Projects	SU	11.460	304,362	
Habitat Conservation	SU	11.463	99,951	
Applied Meteorological Research	SU	11.468	2,062,932	1,000
Unallied Science Program	SU	11.472	359,995	184,287
Coastal Services Center	SU	11.473	962,069	
Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	SU	11.478	762,954	59,800
Educational Partnership Program	SU	11.481	3,209,540	1,057,464
Public Telecommunications Facilities Planning and Construction	SU	11.550	15,000	
Technology Opportunities Program	SU	11.552	191,338	
Measurement and Engineering Research and Standards	SU	11.609	147,925	
Other Federal Awards	SU	11.999	106,794	
Subtotal - Direct Programs - Clustered			<u>\$ 14,725,691</u>	<u>\$ 2,860,461</u>
Direct Programs - Not Clustered:				
Economic Development - Technical Assistance	SU	11.303	100,883	
Interjurisdictional Fisheries Act of 1986	FFWCC	11.407	142,004	
Sea Grant Support	FDACS/ SU	11.417	831,719	
Coastal Zone Management Administration Awards	FDCA/ FDEP/ FDOS/ FFWCC	11.419	2,390,330	938,770
Coastal Zone Management Estuarine Research Reserves	FDEP	11.420	2,557,867	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	FFWCC	11.427	99,587	22,349
Marine Sanctuary Program	FDEP	11.429	1,734,317	
Marine Fisheries Initiative	FFWCC/ SU	11.433	282,402	
Cooperative Fishery Statistics	FFWCC	11.434	79,693	
Southeast Area Monitoring and Assessment Program	FFWCC	11.435	125,016	
Marine Mammal Data Program	FFWCC	11.439	52,564	
Unallied Industry Projects	FDACS/ FFWCC	11.452	194,376	
Unallied Management Projects	FDACS/ FFWCC/ SU	11.454	857,872	
Habitat Conservation	FDEP/ SU	11.463	4,116	
Unallied Science Program	FFWCC	11.472	4,562	
Coastal Services Center	FDEP/ SU	11.473	59,275	
Atlantic Coastal Fisheries Cooperative Management Act	FFWCC	11.474	284,514	
Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	FFWCC	11.478	1,029,909	191,318
Educational Partnership Program	SU	11.481	73,687	
Public Telecommunications Facilities Planning and Construction	SU	11.550	138,475	
Subtotal - Direct Programs - Not Clustered			<u>\$ 11,043,168</u>	<u>\$ 1,152,437</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
ITA Special Projects	SU	11.113	30,000	
Sea Grant Support	SU	11.417	163,090	
Coastal Zone Management Administration Awards	SU	11.419	48,876	
Undersea Research	SU	11.430	73,932	
Climate and Atmospheric Research	SU	11.431	400,364	
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	SU	11.432	270,102	
Marine Fisheries Initiative	SU	11.433	42,739	
Environmental Sciences, Applications, Data, and Education	SU	11.440	35,561	
Unallied Management Projects	SU	11.454	26,705	
Special Oceanic and Atmospheric Projects	SU	11.460	38,334	
Habitat Conservation	SU	11.463	315,454	19,779
Meteorologic and Hydrologic Modernization Development	SU	11.467	65,501	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Commerce (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Unallied Science Program	SU	11.472	\$ 448,237	\$
Coastal Services Center	SU	11.473	555,480	
Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	SU	11.478	786	
Educational Partnership Program	SU	11.481	19,176	
Other Federal Awards	SU	11.999	435,618	
Subtotal - Indirect Programs - Clustered			<u>\$ 2,969,955</u>	<u>\$ 19,779</u>
Indirect Programs - Not Clustered:				
Sea Grant Support	SU	11.417	52,819	
Habitat Conservation	FFWCC	11.463	180,705	
Unallied Science Program	SU	11.472	5,852	
Educational Partnership Program	SU	11.481	26,139	
Other Federal Awards	SU	11.999	10,867	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 276,382</u>	<u>\$</u>
Subtotal - U. S. Department of Commerce			<u>\$ 29,015,196</u>	<u>\$ 4,032,677</u>
<b>U. S. Department of Defense</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aquatic Plant Control	SU	12.100	12,324	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	SU	12.113	87,583	
Collaborative Research and Development	SU	12.114	9,414,571	189,193
Basic and Applied Scientific Research	SU	12.300	26,762,498	6,828,619
Military Medical Research and Development	SU	12.420	4,801,085	254,449
Basic Scientific Research	SU	12.431	6,001,880	390,026
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	1,415,587	490,954
Air Force Defense Research Sciences Program	SU	12.800	8,174,717	1,094,988
Language Grant Program	SU	12.900	60,367	
Mathematical Sciences Grants Program	SU	12.901	241,790	63,998
Information Security Grant Program	SU	12.902	187,302	
Research and Technology Development	SU	12.910	10,167,700	1,851,956
Other Federal Awards	SU	12.999	10,311,719	1,351,213
Subtotal - Direct Programs - Clustered			<u>\$ 77,639,123</u>	<u>\$ 12,515,396</u>
Direct Programs - Not Clustered:				
Procurement Technical Assistance for Business Firms	SU	12.002	906,885	59,390
Law Enforcement Support Organization	FDMS	12.005	1,968,574	1,968,574
Navigation Projects	FDEP	12.107	1,384,259	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	FDEP	12.113	258,533	
Collaborative Research and Development	FFWCC	12.114	441,073	67,298
Basic and Applied Scientific Research	SU	12.300	15,200	
Military Construction, National Guard	FDMA	12.400	11,468,594	
National Guard Military Operations and Maintenance (O&M) Projects	FDMA	12.401	29,022,234	
National Guard Civilian Youth Opportunities	FDMA	12.404	2,353,608	
Military Medical Research and Development	SU	12.420	161,745	
National Security Education Scholarships	SU	12.551	531	
Community Economic Adjustment Assistance for Advance Planning	FEOG	12.614	303,300	303,300
Mathematical Sciences Grants Program	SU	12.901	1,983	
Other Federal Awards	FDOC/ FDOE/ SCC/ SU	12.999	1,171,628	
Subtotal - Direct Programs - Not Clustered			<u>\$ 49,458,147</u>	<u>\$ 2,398,562</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Aquatic Plant Control	SU	12.100	242,788	
Collaborative Research and Development	SU	12.114	49,830	
Basic and Applied Scientific Research	SU	12.300	3,008,133	106,424
Military Medical Research and Development	SU	12.420	386,926	
Basic Scientific Research	SU	12.431	928,245	
International Education U. S. Colleges and Universities	SU	12.550	130,767	
Basic, Applied, and Advanced Research in Science and Engineering	SU	12.630	1,063,998	15,786
Air Force Defense Research Sciences Program	SU	12.800	1,636,905	41,436
Mathematical Sciences Grants Program	SU	12.901	2,967	
Information Security Grant Program	SU	12.902	5,849	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Defense (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Research and Technology Development	SU	12.910	\$ 1,711,992	\$
Other Federal Awards	SU	12.999	<u>5,186,102</u>	<u>10,800</u>
Subtotal - Indirect Programs - Clustered			<u>\$ 14,354,502</u>	<u>\$ 174,446</u>
Indirect Programs - Not Clustered:				
Basic and Applied Scientific Research	SU	12.300	21,977	
Other Federal Awards	SU	12.999	<u>36,811</u>	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 58,788</u>	<u>\$</u>
Subtotal - U. S. Department of Defense			<u>\$ 141,510,560</u>	<u>\$ 15,088,404</u>
<b>U. S. Department of Housing and Urban Development</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Doctoral Dissertation Research Grants	SU	14.516	<u>9,321</u>	
Subtotal - Direct Programs - Clustered			<u>\$ 9,321</u>	<u>\$</u>
Direct Programs - Not Clustered:				
Community Development Block Grants/States Program	FDCA	14.228	36,034,644	34,671,272
Emergency Shelter Grants Program	FDCFS	14.231	2,872,506	2,349,648
Supportive Housing Program	SU	14.235	5,179	
Housing Opportunities for Persons with AIDS	FDOH	14.241	4,307,893	4,250,868
Opportunities for Youth - Youthbuild Program	SCC	14.243	186,047	5,455
Community Development Block Grants/Brownfields Economic Development Initiative	SCC/ SU	14.246	605,183	
Fair Housing Assistance Program - State and Local	FDMS	14.401	869,666	
Community Outreach Partnership Center Program	SCC/ SU	14.511	173,384	750
Community Development Work - Study Program	SU	14.512	90,630	
Hispanic-Serving Institutions Assisting Communities	SU	14.514	4,833	
HUD Urban Scholars Fellowship Grants	SU	14.518	<u>27,989</u>	
Subtotal - Direct Programs - Not Clustered			<u>\$ 45,177,954</u>	<u>\$ 41,277,993</u>
Indirect Programs – Clustered:				
CDBG - Entitlement and Small Cities Cluster:				
Community Development Block Grants/Entitlement Grants	FDOH/ SCC/ SU	14.218	<u>217,641</u>	
Subtotal - Indirect Programs - Clustered			<u>\$ 217,641</u>	<u>\$</u>
Indirect Programs - Not Clustered:				
Other Federal Awards	SU	14.999	<u>41,838</u>	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 41,838</u>	<u>\$</u>
Subtotal - U. S. Department of Housing and Urban Development			<u>\$ 45,446,754</u>	<u>\$ 41,277,993</u>
<b>U. S. Department of the Interior</b>				
Direct Programs – Clustered:				
Fish and Wildlife Cluster:				
Sport Fish Restoration	FFWCC	15.605	9,394,271	
Wildlife Restoration	FDEP/ FFWCC/ SU	15.611	3,871,155	
Research and Development Programs Cluster:				
Cultural Resource Management	SU	15.224	2,148	
Fish and Wildlife Management Assistance	SU	15.608	160,782	
Coastal Wetlands Planning, Protection and Restoration Act	SU	15.614	62,432	
Cooperative Endangered Species Conservation Fund	SU	15.615	57,790	
Coastal Program	SU	15.630	49,915	
Conservation Grants Private Stewardship for Imperiled Species	SU	15.632	370,723	26,487
Wildlife without Borders - Latin America and the Caribbean	SU	15.640	17,290	
Assistance to State Water Resources Research Institutes	SU	15.805	222,559	157,991
U. S. Geological Survey, Research and Data Collection	SU	15.808	3,337,155	87,784
National Cooperative Geologic Mapping Program	SU	15.810	28,481	
Gap Analysis Program	SU	15.811	751,805	
Cooperative Research Units Program	SU	15.812	515,403	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of the Interior (Continued)</b>				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Historic Preservation Fund Grants-In-Aid	SU	15.904	\$ 193,647	\$
National Center for Preservation Technology and Training	SU	15.923	50,803	
Migratory Bird Banding and Data Analysis	SU	15.976	207,914	
Other Federal Awards	SU	15.999	<u>3,247,937</u>	<u>33,875</u>
Subtotal - Direct Programs - Clustered			<u>\$ 22,542,210</u>	<u>\$ 306,137</u>
Direct Programs - Not Clustered:				
National Fire Plan – Wildland Urban Interface Community Fire Assistance	FDACS/ FFWCC	15.228	305,166	
Fish and Wildlife Management Assistance	FDACS/ FFWCC	15.608	12,525	
Coastal Wetlands Planning, Protection and Restoration Act	FDEP	15.614	100,620	
Cooperative Endangered Species Conservation Fund	FDACS/ FFWCC	15.615	1,008,427	58,263
Clean Vessel Act	FDEP	15.616	661,641	435,949
North American Wetlands Conservation Fund	FDEP	15.623	9,852	
Wildlife Conservation and Restoration	FFWCC	15.625	183,738	
Hunter Education and Safety Program	FFWCC	15.626	98,810	
Coastal Program	FDACS	15.630	501	
Partners for Fish and Wildlife	FDEP/ FFWCC	15.631	28,186	
Conservation Grants Private Stewardship for Imperiled Species	FDEP/ FFWCC	15.632	305,188	
Landowner Incentive	FFWCC	15.633	162,874	
State Wildlife Grants	FFWCC	15.634	1,352,563	
Challenge Cost Share	FDEP/ FFWCC	15.642	19,257	
U. S. Geological Survey, Research and Data Collection	FDEP/ FFWCC	15.808	148,632	
National Spatial Data Infrastructure Cooperative Agreements Program	FFWCC	15.809	12,586	
National Cooperative Geologic Mapping Program	FDEP	15.810	147,414	
Historic Preservation Fund Grants-In-Aid	FDOS	15.904	806,502	78,753
Outdoor Recreation Acquisition, Development and Planning	FDEP/ FFWCC	15.916	4,588,185	3,621,510
Native American Graves Protection and Repatriation Act	SU	15.922	22,571	
Other Federal Awards	SU	15.999	<u>236,499</u>	
Subtotal - Direct Programs - Not Clustered			<u>\$ 10,211,737</u>	<u>\$ 4,194,475</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Fish, Wildlife and Plant Conservation Resource Management	SU	15.231	13,057	
Water Reclamation and Reuse Program	SU	15.504	34,219	
Cooperative Endangered Species Conservation Fund	SU	15.615	510	
State Wildlife Grants	SU	15.634	18,960	
U. S. Geological Survey, Research and Data Collection	SU	15.808	3,592	
National Cooperative Geologic Mapping Program	SU	15.810	22,180	
Other Federal Awards	SU	15.999	<u>199,429</u>	
Subtotal - Indirect Programs - Clustered			<u>\$ 291,947</u>	<u>\$</u>
Indirect Programs - Not Clustered:				
Fish and Wildlife Management Assistance	SCC	15.608	28,929	
Landowner Incentive	SU	15.633	<u>58,615</u>	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 87,544</u>	<u>\$</u>
Subtotal - U. S. Department of the Interior			<u>\$ 33,133,438</u>	<u>\$ 4,500,612</u>
<b>U. S. Department of Justice</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Combined DNA Index System	SU	16.307	99,199	
Part D - Research, Evaluation, Technical Assistance and Training	SU	16.542	85,799	
National Institute of Justice Research, Evaluation, and Development Project Grants	SU	16.560	2,247,194	86,572
Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	SU	16.564	98,074	
Public Safety Partnership and Community Policing Grants	SU	16.710	12,300	
Gang Resistance Education and Training	SU	16.737	3,931	
Other Federal Awards	SU	16.999	<u>234,117</u>	
Subtotal - Direct Programs - Clustered			<u>\$ 2,780,614</u>	<u>\$ 86,572</u>
Direct Programs - Not Clustered:				
Offender Reentry Program	FDJJ	16.202	287,301	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Justice (Continued)</b>				
Direct Programs - Not Clustered (Continued):				
Juvenile Accountability Incentive Block Grants	FDJJ	16.523	\$ 3,550,599	\$
Grants to Reduce Violent Crimes against Women on Campus	SU	16.525	108,373	
Technical Assistance and Training Initiative	SU	16.526	53,683	
Juvenile Justice and Delinquency Prevention - Allocation to States	FDJJ/ JAC	16.540	3,902,326	
	FDMS			
Part E - Developing, Testing and Demonstrating Promising New Programs	FEOG/ JAC/ SU	16.541	753,006	323,098
Part D - Research, Evaluation, Technical Assistance and Training	Courts	16.542	103,317	
Gang-Free Schools and Communities Community - Based Gang Intervention	FDJJ/ FEOG/ SU	16.544	1,663,307	
Title V - Delinquency Prevention Program	FDJJ	16.548	1,384,120	
Part E - State Challenge Activities	FDJJ	16.549	316,267	
State Justice Statistics Program for Statistical Analysis Centers	FDLE	16.550	41,795	
National Criminal History Improvement Program (NCHIP)	Courts/ FDLE	16.554	983,244	
National Institute of Justice Research, Evaluation, and Development Project Grants	FDLE	16.560	1,195,389	143,308
Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	FDLE	16.564	932,970	606,922
Crime Victim Assistance	FDHSMV/ FDLA/ FDOH/ FPC/ JAC	16.575	16,688,563	14,748,167
Crime Victim Compensation	FDLA	16.576	6,998,000	
Byrne Formula Grant Program	FDLE/ FDOC	16.579	15,972,189	9,419,790
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	FDLA/ SCC/ SU	16.580	1,481,137	
Drug Court Discretionary Grant Program	SU	16.585	117,789	
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	FDJJ/ FDLE/ FDOC	16.586	15,556,035	
Violence Against Women Formula Grants	Courts/ FDCFS/ JAC/ SU	16.588	6,048,643	1,907,710
Rural Domestic Violence and Child Victimization Enforcement Grant Program	FDCFS	16.589	108,129	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	FDCFS	16.590	52,220	
Residential Substance Abuse Treatment for State Prisoners	FDJJ/ FDLE/ FDOC	16.593	2,349,962	480,940
State Criminal Alien Assistance Program	FDOC	16.606	12,806,110	
Bulletproof Vest Partnership Program	FDLE/ FDOC	16.607	30,436	10,054
Community Prosecution and Project Safe Neighborhoods	FDLE/ FDOC/ JAC/ SCC	16.609	2,163,398	925,504
Public Safety Partnership and Community Policing Grants	FDOC/ SCC/ SU	16.710	2,078,300	
Police Corps	SU	16.712	262,338	
Enforcing Underage Drinking Laws Program	FDLE/ FEOG	16.727	302,023	286,675
Edward Byrne Memorial Justice Assistance Grant Program	FDLE	16.738	7,165,980	5,737,588
Other Federal Awards	FDLE/ SU	16.999	1,033,895	152,365
Subtotal - Direct Programs - Not Clustered			<u>\$ 106,490,844</u>	<u>\$ 34,742,121</u>
Indirect Programs - Clustered:				
Research and Development Programs Cluster:				
Community Relations Service	SU	16.200	45,966	
Juvenile Accountability Incentive Block Grants	SU	16.523	1,039	
Part D - Research, Evaluation, Technical Assistance and Training	SU	16.542	10,694	
National Institute of Justice Research, Evaluation, and Development Project Grants	SU	16.560	214,759	
Byrne Formula Grant Program	SU	16.579	30,154	
Community Capacity Development Office	SU	16.595	9,032	
Police Corps	SU	16.712	11,087	
Other Federal Awards	SU	16.999	45,441	
Subtotal - Indirect Programs - Clustered			<u>\$ 368,172</u>	<u>\$</u>
Indirect Programs - Not Clustered:				
Title V Delinquency Prevention Program	SU	16.548	82,711	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SU	16.580	15,649	
Community Capacity Development Office	SCC	16.595	15,479	
Other Federal Awards	FDLE	16.999	870	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 114,709</u>	<u>\$</u>
Subtotal - U. S. Department of Justice			<u>\$ 109,754,339</u>	<u>\$ 34,828,693</u>
<b>U. S. Department of Labor</b>				
Direct Programs - Clustered:				
Employment Service Cluster:				
Employment Service	FAWI/ FDOE	17.207	40,428,092	12,078,899
Disabled Veterans Outreach Program (DVOP)	FAWI	17.801	4,485,728	1,415,266
Local Veterans Employment Representative Program	FAWI	17.804	4,056,687	1,053,634

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Labor (Continued)</b>				
Direct Programs – Clustered (Continued):				
National Farmworker Jobs Program Cluster:				
Migrant and Seasonal Farmworkers	FDOE	17.264	\$ 4,062,577	\$ 2,790,832
WIA Cluster:				
WIA Adult Program	FAWI	17.258	49,039,822	47,439,331
WIA Youth Activities	FAWI	17.259	40,593,214	36,297,057
WIA Dislocated Workers	FAWI/ SCC	17.260	60,743,224	55,734,189
Subtotal - Direct Programs - Clustered			<u>\$ 203,409,344</u>	<u>\$ 156,809,208</u>
Direct Programs - Not Clustered:				
Labor Force Statistics	FAWI	17.002	3,063,815	
Compensation and Working Conditions	FDFS	17.005	259,507	
Labor Certification for Alien Workers	FAWI	17.203	727,207	
Unemployment Insurance (See Note 3)	FAWI/ FDOR	17.225	888,571,840	4,275,947
Senior Community Service Employment Program	FDOEA	17.235	5,023,523	4,390,376
Trade Adjustment Assistance Workers	FAWI/ FDOE	17.245	3,921,808	1,519,474
One-Stop Career Center Initiative	SU	17.257	730,098	
Employment and Training Administration Pilots, Demonstrations, and Research Projects	FAWI/ FDJJ/ SCC	17.261	3,463,196	2,046,411
Work Incentives Grant	FAWI	17.266	1,229,762	1,142,685
WIA Incentive Grants - Section 503 Grants to States	FAWI	17.267	2,413,359	1,847,285
Consultation Agreements	SU	17.504	1,443,541	
Mine Health and Safety Grants	FDEP	17.600	92,845	
Subtotal - Direct Programs - Not Clustered			<u>\$ 910,940,501</u>	<u>\$ 15,222,178</u>
Indirect Programs – Clustered:				
Employment Service Cluster:				
Employment Service	SCC	17.207	265,081	
Disabled Veterans Outreach Program (DVOP)	SCC	17.801	37,781	
Local Veterans Employment Representative Program	SCC	17.804	48,681	
Research and Development Programs Cluster:				
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SU	17.261	80,723	
WIA Cluster:				
WIA Adult Program	SCC	17.258	1,575,916	
WIA Youth Activities	SCC	17.259	824,552	
WIA Dislocated Workers	SCC/ SU	17.260	1,277,150	
Subtotal - Indirect Programs - Clustered			<u>\$ 4,109,884</u>	<u>\$</u>
Indirect Programs - Not Clustered:				
Unemployment Insurance	SCC	17.225	267,228	
Trade Adjustment Assistance Workers	SCC	17.245	11,248	
Employment and Training Administration Pilots, Demonstrations, and Research Projects	SCC	17.261	61,819	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 340,295</u>	<u>\$</u>
Subtotal - U. S. Department of Labor			<u>\$ 1,118,800,024</u>	<u>\$ 172,031,386</u>
<b>U. S. Department of State</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Educational Exchange - Graduate Students	SU	19.400	71,991	16,864
Educational Exchange University Lecturers (Professors) and Research Scholars	SU	19.401	1,600	
Subtotal - Direct Programs - Clustered			<u>\$ 73,591</u>	<u>\$ 16,864</u>
Direct Programs - Not Clustered:				
Professional Exchanges Annual Open Grant	SU	19.415	16,503	
Educational Partnerships Program	SU	19.424	47,481	
Other Federal Awards	SU	19.999	286,419	21,816
Subtotal - Direct Programs - Not Clustered			<u>\$ 350,403</u>	<u>\$ 21,816</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Educational Exchange Graduate Students	SU	19.400	7,449	
Professional Development Teacher Training	SU	19.419	22,690	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of State (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Other Federal Awards	SU	19.999	\$ 50,271	\$
Subtotal - Indirect Programs - Clustered			\$ 80,410	\$
Indirect Programs - Not Clustered				
Educational Exchange Teachers from Secondary and Postsecondary Levels and School Administrators	SU	19.408	10,786	
Educational Exchange Fulbright American Studies Institutes	SCC	19.418	102,463	
Subtotal - Indirect Programs - Not Clustered			\$ 113,249	\$
Subtotal - U. S. Department of State			\$ 617,653	\$ 38,680
<b>U. S. Department of Transportation</b>				
Direct Programs – Clustered:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	FDEP/ FDOS/ FDOT/ FFWCC/ SU	20.205	1,654,738,177	200,141,927
Highway Safety Cluster:				
State and Community Highway Safety	FDHSMV/ FDOH/ FDOT	20.600	8,903,022	2,304,204
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	FDOT/ JAC	20.601	3,782,306	2,707,161
Occupant Protection	FDOH/ FDOT	20.602	530,028	
Federal Highway Safety Data Improvements Incentive Grants	FDHSMV/ FDOT	20.603	101,699	29,268
Safety Incentive Grants for Use of Seatbelts	FDOT	20.604	1,356,859	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	FDHSMV/ FDOT	20.605	793,018	
Research and Development Programs Cluster:				
Aviation Research Grants	SU	20.108	496,524	
Air Transportation Centers of Excellence	SU	20.109	38,750	
Highway Training and Education	SU	20.215	7,278	
Federal Transit Grants for University Research and Training	SU	20.502	93,896	
Transit Planning and Research	SU	20.514	1,649,576	147,482
University Transportation Centers Program	SU	20.701	348,122	
Other Federal Awards	SU	20.999	349,736	
Subtotal - Direct Programs - Clustered			\$ 1,673,188,991	\$ 205,330,042
Direct Programs - Not Clustered:				
Air Transportation Centers of Excellence	SU	20.109	107,100	
Highway Training and Education	SU	20.215	231,500	
Motor Carrier Safety	FDHSMV/ FDOT	20.217	5,975,166	
Recreational Trails Program	FDEP	20.219	1,495,739	622,771
High Speed Ground Transportation - Next Generation High Speed Rail Program	FDOT	20.312	4,450,375	4,450,375
Federal Transit Metropolitan Planning Grants	FDOT	20.505	4,811,240	445,385
Formula Grants for Other Than Urbanized Areas	FDOT	20.509	5,264,425	4,629,692
Capital Assistance Program for Elderly Persons and Persons with Disabilities	FDOT	20.513	5,243,669	5,243,669
Transit Planning and Research	SU	20.514	55,742	
New Freedom Program	SU	20.521	181,834	84,618
Pipeline Safety	FDACS	20.700	43,479	
Interagency Hazardous Materials Public Sector Training and Planning Grants	FDCA	20.703	481,957	425,281
Minority Institutions	SCC	20.907	17,288	
Subtotal - Direct Programs - Not Clustered			\$ 28,359,514	\$ 15,901,791
Indirect Programs – Clustered:				
Federal Transit Cluster:				
Federal Transit Formula Grants	SU	20.507	288,764	
Highway Planning and Construction Cluster:				
Highway Planning and Construction	SU	20.205	251,262	18,607
Highway Safety Cluster:				
State and Community Highway Safety	SU	20.600	30,195	
Research and Development Programs Cluster:				
Air Transportation Centers of Excellence	SU	20.109	23,852	
Highway Training and Education	SU	20.215	8,376	
Federal Transit Metropolitan Planning Grants	SU	20.505	1,841	
Federal Transit Technical Assistance	SU	20.512	74,971	
Transit Planning and Research	SU	20.514	94,172	
University Transportation Centers Program	SU	20.701	36,547	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Transportation (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Other Federal Awards	SU	20.999	\$ 117,923	\$ _____
Subtotal - Indirect Programs - Clustered			\$ 927,903	\$ 18,607
Indirect Programs - Not Clustered:				
Federal Transit Metropolitan Planning Grants	SU	20.505	88,406	
Federal Transit Technical Assistance	SU	20.512	22,360	
Transit Planning and Research	SU	20.514	155,896	
Subtotal - Indirect Programs - Not Clustered			\$ 266,662	\$ _____
Subtotal - U. S. Department of Transportation			\$ 1,702,743,070	\$ 221,250,440
<b>U. S. Department of the Treasury</b>				
Direct Programs - Not Clustered:				
Other Federal Awards	FDMA	21.999	88,199	
Subtotal - Direct Programs - Not Clustered			\$ 88,199	\$ _____
Subtotal - U. S. Department of the Treasury			\$ 88,199	\$ _____
<b>U. S. Office of Personnel Management</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Federal Civil Service Employment	SU	27.001	245,320	
Subtotal - Direct Programs - Clustered			\$ 245,320	\$ _____
Direct Programs - Not Clustered:				
Federal Civil Service Employment	SU	27.001	262,037	
Intergovernmental Personnel Act (IPA) Mobility Program	SU	27.011	143,694	
Subtotal - Direct Programs - Not Clustered			\$ 405,731	\$ _____
Subtotal - U. S. Office of Personnel Management			\$ 651,051	\$ _____
<b>U. S. Equal Employment Opportunity Commission</b>				
Direct Programs - Not Clustered:				
Employment Discrimination State and Local Fair Employment Practices Agency Contracts	FDMS	30.002	579,777	
Subtotal - Direct Programs - Not Clustered			\$ 579,777	\$ _____
Subtotal - U. S. Equal Employment Opportunity Commission			\$ 579,777	\$ _____
<b>U. S. General Services Administration</b>				
Direct Programs - Not Clustered:				
Donation of Federal Surplus Personal Property*	FDMS/ FDOC/ SU	39.003	3,026,864	3,008,641
Election Reform Payments	FDHSMV/ FDLE/ FDOS	39.011	3,630,764	3,000,000
Subtotal - Direct Programs - Not Clustered			\$ 6,657,628	\$ 6,008,641
Subtotal - U. S. General Services Administration			\$ 6,657,628	\$ 6,008,641
<b>Library of Congress</b>				
Indirect Programs - Not Clustered:				
Other Federal Awards	SU	42.999	13,250	
Subtotal - Indirect Programs - Not Clustered			\$ 13,250	\$ _____
Subtotal - Library of Congress			\$ 13,250	\$ _____



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>National Aeronautics and Space Administration</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Aerospace Education Services Program	SU	43.001	\$ 6,281,645	\$ 59,543
Technology Transfer	SU	43.002	2,060,480	147,433
Other Federal Awards	SU	43.999	<u>11,811,961</u>	<u>3,484,858</u>
Subtotal - Direct Programs - Clustered			<u>\$ 20,154,086</u>	<u>\$ 3,691,834</u>
Direct Programs - Not Clustered:				
Aerospace Education Services Program	SU	43.001	174,828	
Technology Transfer	Citrus/ SU	43.002	509,469	
Other Federal Awards	FDEP/ SU	43.999	<u>305,102</u>	
Subtotal - Direct Programs - Not Clustered			<u>\$ 989,399</u>	<u>\$</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Aerospace Education Services Program	SU	43.001	362,088	
Technology Transfer	SU	43.002	741,673	
Other Federal Awards	SU	43.999	<u>1,093,754</u>	<u>9,106</u>
Subtotal - Indirect Programs - Clustered			<u>\$ 2,197,515</u>	<u>\$ 9,106</u>
Indirect Programs - Not Clustered:				
Aerospace Education Services Program	SU	43.001	76,543	
Other Federal Awards	SU	43.999	<u>111,895</u>	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 188,438</u>	<u>\$</u>
Subtotal - National Aeronautics and Space Administration			<u>\$ 23,529,438</u>	<u>\$ 3,700,940</u>
<b>National Foundation on the Arts and the Humanities</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Promotion of the Arts - Grants to Organizations and Individuals	SU	45.024	16,261	
Promotion of the Arts - Leadership Initiatives	SU	45.026	137	
Promotion of the Arts - Challenge America Grants	SU	45.027	30,603	
Promotion of the Humanities - Division of Preservation and Access	SU	45.149	6,695	
Promotion of the Humanities - Fellowships and Stipends	SU	45.160	66,938	
Promotion of the Humanities - Research	SU	45.161	27,035	
Promotion of the Humanities - Teaching and Learning Resources and Curriculum Development	SU	45.162	20	
Promotion of the Humanities - Public Programs	SU	45.164	11,794	
Promotion of the Humanities - We the People	SU	45.168	14,959	
National Leadership Grants	SU	45.312	84,173	
Librarians for the 21st Century	SU	45.313	146,717	
Other Federal Awards	SU	45.999	<u>58,864</u>	<u>13,200</u>
Subtotal - Direct Programs - Clustered			<u>\$ 464,196</u>	<u>\$ 13,200</u>
Direct Programs - Not Clustered:				
Promotion of the Arts - Grants to Organizations and Individuals	FDOS/ SCC/ SU	45.024	81,683	
Promotion of the Arts - Partnership Agreements	FDOS	45.025	721,292	172,779
Promotion of the Arts - Leadership Initiatives	FDOS	45.026	3,260	
Promotion of the Humanities - Division of Preservation and Access	SU	45.149	116,023	
Promotion of the Humanities - Fellowships and Stipends	SU	45.160	38,934	
Promotion of the Humanities - Professional Development	SU	45.163	19,380	
Promotion of the Humanities - Public Programs	SU	45.164	667	
Museum for America Grants	FDEP/ SU	45.301	238,172	74,786
Museum Assessment Program	SU	45.302	29,555	
State Library Program	FDOS	45.310	8,365,817	3,188,146
National Leadership Grants	SU	45.312	272,317	66,564
Librarians for the 21st Century	SU	45.313	301,588	
Other Federal Awards	SU	45.999	<u>85,247</u>	
Subtotal - Direct Programs - Not Clustered			<u>\$ 10,273,935</u>	<u>\$ 3,502,275</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>National Foundation on the Arts and the Humanities (Continued)</b>				
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Other Federal Awards	SU	45.999	\$ 5,442	\$
Subtotal - Indirect Programs - Clustered			\$ 5,442	\$
Indirect Programs - Not Clustered:				
Promotion of the Arts - Grants to Organizations and Individuals	SCC	45.024	18,313	
Promotion of the Humanities - Federal / State Partnership	SCC/ SU	45.129	36,261	
Promotion of the Humanities - Public Programs	SU	45.164	118,722	
National Leadership Grants	SU	45.312	46,123	
Other Federal Awards	SU	45.999	55,608	
Subtotal - Indirect Programs - Not Clustered			\$ 275,027	\$
Subtotal - National Foundation on the Arts and the Humanities			\$ 11,018,600	\$ 3,515,475
<b>National Science Foundation</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Engineering Grants	SU	47.041	11,065,161	303,190
Mathematical and Physical Sciences	SU	47.049	44,903,838	6,515,467
Geosciences	SU	47.050	9,662,269	722,864
Computer and Information Science and Engineering	SU	47.070	10,263,808	3,184,735
Biological Sciences	SU	47.074	13,618,830	1,754,677
Social, Behavioral, and Economic Sciences	SU	47.075	2,414,610	296,266
Education and Human Resources	SU	47.076	7,346,730	596,620
Polar Programs	SU	47.078	1,348,373	
International Science and Engineering	SU	47.079	193,373	
Other Federal Awards	SU	47.999	85,004	
Subtotal - Direct Programs - Clustered			\$ 100,901,996	\$ 13,373,819
Direct Programs - Not Clustered:				
Engineering Grants	SU	47.041	265,660	
Mathematical and Physical Sciences	SCC/ SU	47.049	139,499	
Geosciences	SU	47.050	576,720	
Computer and Information Science and Engineering	SU	47.070	42,720	
Biological Sciences	SU	47.074	222,701	
Social, Behavioral, and Economic Sciences	SU	47.075	294,569	
Education and Human Resources	SCC/ SU	47.076	8,941,872	461,157
International Science and Engineering	SU	47.079	59,303	
Other Federal Awards	SU	47.999	7,893	
Subtotal - Direct Programs - Not Clustered			\$ 10,550,937	\$ 461,157
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Engineering Grants	SU	47.041	843,853	
Mathematical and Physical Sciences	SU	47.049	1,427,009	
Geosciences	SU	47.050	435,406	
Computer and Information Science and Engineering	SU	47.070	524,528	
Biological Sciences	SU	47.074	1,838,220	
Social, Behavioral, and Economic Sciences	SU	47.075	49,495	
Education and Human Resources	SU	47.076	584,462	
Polar Programs	SU	47.078	73,699	
International Science and Engineering	SU	47.079	148,759	
Other Federal Awards	SU	47.999	1,553,624	
Subtotal - Indirect Programs - Clustered			\$ 7,479,055	\$
Indirect Programs - Not Clustered:				
Engineering Grants	SU	47.041	10,658	
Mathematical and Physical Sciences	SU	47.049	3,120	
Geosciences	SU	47.050	32,237	
Education and Human Resources	SCC/ SU	47.076	22,724	
Subtotal - Indirect Programs - Not Clustered			\$ 68,739	\$
Subtotal - National Science Foundation			\$ 119,000,727	\$ 13,834,976

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>Securities and Exchange Commission</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Securities Investigation of Complaints and SEC Information	SU	58.001	\$ 103,967	\$
Subtotal - Direct Programs - Clustered			\$ 103,967	\$
Subtotal - Securities and Exchange Commission			\$ 103,967	\$
<b>U. S. Small Business Administration</b>				
Direct Programs - Not Clustered:				
Small Business Development Center				
Veterans Entrepreneurial Training and Counseling	SU	59.037	\$ 4,484,227	\$
Office of Small Disadvantaged Business Certification and Eligibility	SU	59.044	86,380	
	SU	59.049	1,272	
Subtotal - Direct Programs - Not Clustered			\$ 4,571,879	\$
Subtotal - U. S. Small Business Administration			\$ 4,571,879	\$
<b>U. S. Department of Veterans Affairs</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
Other Federal Awards	SU	64.999	1,930,933	
Subtotal - Direct Programs - Clustered			\$ 1,930,933	\$
Direct Programs - Not Clustered:				
Grants to States for Construction of State Home Facilities	FDVA	64.005	651,118	
Veterans Prescription Service	SU	64.012	3,869	
Veterans State Domiciliary Care	FDVA	64.014	1,143,976	
Veterans State Nursing Home Care	FDVA	64.015	13,274,513	
Veterans State Hospital Care	SU	64.016	113,696	
Veterans Housing Guaranteed and Insured Loans	SU	64.114	51,378	
Veterans Information and Assistance	FDVA	64.115	430,324	
Survivors and Dependents Educational Assistance	SU	64.117	2,958	
Other Federal Awards	SCC/ SU	64.999	5,798,115	
Subtotal - Direct Programs - Not Clustered			\$ 21,469,947	\$
Subtotal - U. S. Department of Veterans Affairs			\$ 23,400,880	\$
<b>U. S. Environmental Protection Agency</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
State Underground Water Source Protection	SU	66.433	132,244	
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b) (3) of the Clean Water Act	SU	66.436	1,038,916	
Water Quality Management Planning	SU	66.454	113,692	
National Estuary Program	SU	66.456	410	
Water Quality Cooperative Agreements	SU	66.463	18,602	
Wastewater Operator Training Grant Program (Technical Assistance)	SU	66.467	18,075	
Environmental Protection Consolidated Research	SU	66.500	604,196	52,719
Science to Achieve Results (STAR) Research Program	SU	66.509	453,395	59,628
Office of Research and Development Consolidated Research/Training	SU	66.511	20,073	
Greater Research Opportunities Fellowship Program	SU	66.513	37,562	
Science to Achieve Results (STAR) Fellowship Program	SU	66.514	17,406	
P3 Award: National Student Design Competition for Sustainability	SU	66.516	7,854	
Surveys, Studies, Investigations and Special Purpose Grants	SU	66.606	1,147,428	105,361
Training and Fellowships for the Environmental Protection Agency	SU	66.607	53,301	
Pesticide Environmental Stewardship Regional Grants	SU	66.714	8,663	
Other Federal Awards	SU	66.999	31,650	
Subtotal - Direct Programs - Clustered			\$ 3,703,467	\$ 217,708
Direct Programs - Not Clustered:				
Air Pollution Control Program Support	FDEP/ FDOH	66.001	1,747,137	
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	FDEP/ FDOH/ SU	66.034	541,830	
Water Pollution Control State and Interstate Program Support	FDEP	66.419	9,164,921	326,768
State Public Water System Supervision	FDEP	66.432	1,459,035	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Environmental Protection Agency (Continued)</b>				
Direct Programs - Not Clustered (Continued):				
State Underground Water Source Protection	FDEP	66.433	\$ 262,722	\$
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b) (3) of the Clean Water Act	FFWCC	66.436	140,343	34,320
Water Quality Management Planning	FDEP/ FFWCC	66.454	156,842	
Capitalization Grants for Clean Water State Revolving Funds	FDEP	66.458	62,987,813	62,987,813
Nonpoint Source Implementation Grants	FDACS/ FDEP	66.460	8,199,130	3,986,621
Regional Wetland Program Development Grants	FDACS/ FDEP	66.461	483,874	10,000
Water Quality Cooperative Agreements	FDACS/ FDEP	66.463	245,615	
Capitalization Grants for Drinking Water State Revolving Funds	FDEP	66.468	26,670,387	24,991,399
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	FDEP	66.471	86,295	48,668
Beach Monitoring and Notification Program Implementation Grants	FDOH	66.472	493,438	
Water Protection Grants to the States	FDEP	66.474	229,773	70,654
Gulf of Mexico Program	FDACS/ FDEP/ FDOH/ FFWCC	66.475	323,483	
Environmental Protection Consolidated Research	FFWCC	66.500	136,910	
Science to Achieve Results (STAR) Research Program	SU	66.509	470,855	55,256
Science to Achieve Results (STAR) Fellowship Program	SU	66.514	56,000	
Performance Partnership Grants	FDACS	66.605	918,699	
Surveys, Studies, Investigations and Special Purpose Grants	Citrus/ FDEP/ SU	66.606	699,451	
Training and Fellowships for the Environmental Protection Agency	SU	66.607	25,981	
Environmental Information Exchange Network Grant Program	FDEP	66.608	297,700	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	FDOH	66.707	7,123	
Pollution Prevention Grants Program	FDEP	66.708	46,963	20,000
Multi-Media Capacity Building Grants for States and Tribes	FDEP	66.709	52,717	
Surveys, Studies, Investigations, Training Demonstrations and Educational	SU	66.716	47,757	
Hazardous Waste Management State Program Support	FDEP	66.801	2,892,865	
Superfund State, Political Subdivision, and Indian Tribe Site Specific Cooperative Agreements	FDEP	66.802	2,212,069	
State and Tribal Underground Storage Tanks Program	FDEP	66.804	48,005	
Solid Waste Management Assistance Grants	FDEP	66.808	8,332	
Brownfield Pilots Cooperative Agreements	FDEP	66.811	55,777	
Environmental Education Grants	SU	66.951	26,095	
Other Federal Awards	SU	66.999	12,377	
Subtotal - Direct Programs - Not Clustered			<u>\$ 121,208,314</u>	<u>\$ 92,531,499</u>
Indirect Programs - Clustered:				
Research and Development Programs Cluster:				
State Underground Water Source Protection	SU	66.433	21,565	
National Estuary Program	SU	66.456	15,204	
Gulf of Mexico Program	SU	66.475	96,972	
Assessment and Watershed Protection Program Grants	SU	66.480	30,165	
Environmental Protection-Consolidated Research	SU	66.500	402,659	
Science to Achieve Results (STAR) Research Program	SU	66.509	34,273	
Surveys, Studies, Investigations and Special Purpose Grants	SU	66.606	13,071	
Training and Fellowships for the Environmental Protection Agency	SU	66.607	20,811	
Other Federal Awards	SU	66.999	146,912	36,072
Subtotal - Indirect Programs - Clustered			<u>\$ 781,632</u>	<u>\$ 36,072</u>
Indirect Programs - Not Clustered:				
Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program	SU	66.306	10,619	
National Estuary Program	SU	66.456	23,153	
Gulf of Mexico Program	FDEP	66.475	13,071	
Brownfields Assessment and Cleanup Cooperative Agreements	SCC	66.818	170,000	
Other Federal Awards	SU	66.999	3,716	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 220,559</u>	<u>\$</u>
Subtotal - U. S. Environmental Protection Agency			<u>\$ 125,913,972</u>	<u>\$ 92,785,279</u>
<b>U. S. Department of Energy</b>				
Direct Programs - Clustered:				
Research and Development Programs Cluster:				
State Energy Program	SU	81.041	66,443	62,500
Office of Science Financial Assistance Program	SU	81.049	9,611,829	561,267
University Coal Research	SU	81.057	132,420	
Conservation Research and Development	SU	81.086	588,495	
Renewable Energy Research and Development	SU	81.087	5,221,623	274,294

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Energy (Continued)</b>				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Fossil Energy Research and Development	SU	81.089	\$ 160,768	\$
Office of Environmental Cleanup and Acceleration	SU	81.104	6,853,840	630,746
National Industrial Competitiveness through Energy, Environment, and Economics	SU	81.105	2,513	
Defense Nuclear Nonproliferation Research	SU	81.113	101,295	
University Reactor Infrastructure and Education Support	SU	81.114	256,347	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	SU	81.117	33,091	
Nuclear Energy Research, Development and Demonstration	SU	81.121	572,466	
Other Federal Awards	SU	81.999	<u>3,452,685</u>	<u>306,455</u>
Subtotal - Direct Programs - Clustered			<u>\$ 27,053,815</u>	<u>\$ 1,835,262</u>
Direct Programs - Not Clustered:				
State Energy Program	FDEP	81.041	1,346,345	469,807
Weatherization Assistance for Low-Income Persons	FDCA	81.042	2,310,332	2,120,797
Office of Science Financial Assistance Program	SU	81.049	608,761	
Regional Biomass Energy Programs	SU	81.079	113,005	
Defense Nuclear Nonproliferation Research	SU	81.113	1,343,623	
State Energy Program Special Projects	FDEP	81.119	800,288	89,989
Other Federal Awards	SU	81.999	<u>2,269,343</u>	
Subtotal - Direct Programs - Not Clustered			<u>\$ 8,791,697</u>	<u>\$ 2,680,593</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Office of Science Financial Assistance Program	SU	81.049	1,036,887	
Office of Scientific and Technical Information	SU	81.064	17,594	
Nuclear Waste Disposal Siting	SU	81.065	22,565	
Renewable Energy Research and Development	SU	81.087	1,439,956	
Fossil Energy Research and Development	SU	81.089	160,677	
Office of Environmental Cleanup and Acceleration	SU	81.104	232,744	34,857
University Reactor Infrastructure and Education Support	SU	81.114	72,017	
Science and Engineering Training to Support Diversity - Related Programs	SU	81.116	9,733	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	SU	81.117	10,000	
Nuclear Energy Research, Development and Demonstration	SU	81.121	58,667	
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	SU	81.123	173,009	
Other Federal Awards	SU	81.999	<u>2,057,389</u>	<u>15,429</u>
Subtotal - Indirect Programs - Clustered			<u>\$ 5,291,238</u>	<u>\$ 50,286</u>
Indirect Programs - Not Clustered:				
State Energy Program	SU	81.041	2,271	
Other Federal Awards	SU	81.999	<u>10,865</u>	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 13,136</u>	<u>\$</u>
Subtotal - U. S. Department of Energy			<u>\$ 41,149,886</u>	<u>\$ 4,566,141</u>
<b>U. S. Department of Education</b>				
Direct 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	966,111	212,637
Undergraduate International Studies and Foreign Language Programs	SU	84.016	57,433	
Overseas Group Projects Abroad	SU	84.021	500	
Fund for the Improvement of Postsecondary Education	SU	84.116	569,053	
National Institute on Disability and Rehabilitation Research	SU	84.133	976,002	196,982
Graduate Assistance in Areas of National Need	SU	84.200	227,764	
Fund for the Improvement of Education	SU	84.215	1,457,007	
Centers for International Business Education	SU	84.220	386,914	
Education Research, Development and Dissemination	SU	84.305	2,921,511	277,261

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Education (Continued)</b>				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Research in Special Education	SU	84.324	\$ 2,538,319	\$ 482,415
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	1,419,653	210,501
Special Education Cluster:				
Special Education Grants to States	FDOC/ FDOE/ FDOH/ FSDB/ SU	84.027	614,276,511	589,789,263
Special Education Preschool Grants	FDOE/ FDOH/ FSDB	84.173	20,395,045	20,032,227
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	SCC/ SU	84.007	16,699,359	
Federal Family Education Loans	SCC/ SU	84.032	764,624,618	
Federal Work - Study Program	SCC/ SU	84.033	19,305,421	
Federal Perkins Loan Program - Federal Capital Contributions (Value of Loans Outstanding)	SCC/ SU	84.038	85,615,619	
Federal Pell Grant Program	SCC/ SU	84.063	413,753,620	
Federal Direct Student Loans	SCC/ SU	84.268	254,498,459	
TRIO Cluster:				
TRIO Student Support Services	SCC/ SU	84.042	5,376,234	
TRIO Talent Search	SCC/ SU	84.044	2,594,558	
TRIO Upward Bound	SCC/ SU	84.047	5,715,438	
TRIO Educational Opportunity Centers	SCC	84.066	1,181,077	
TRIO McNair Post - Baccalaureate Achievement	SU	84.217	1,009,553	
Subtotal - Direct Programs - Clustered			<u>\$ 2,216,565,779</u>	<u>\$ 611,201,286</u>
Direct Programs - Not Clustered:				
Adult Education State Grant Program	FDOC/ FDOE/ SCC/ SU	84.002	44,814,130	22,148,757
Title I Grants to Local Educational Agencies	FDOE/ FSDB	84.010	585,377,331	578,286,553
Migrant Education State Grant Program	FDOE	84.011	23,616,303	21,270,164
Title I Program for Neglected and Delinquent Children	FDOC/ FDOE	84.013	1,315,546	312,724
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	SU	84.015	494,701	4,846
Undergraduate International Studies and Foreign Language Programs	SCC/ SU	84.016	95,902	
International Research and Studies	SU	84.017	230,263	
Overseas Group Projects Abroad	SU	84.021	74,633	
Higher Education Institutional Aid	SCC/ SU	84.031	17,502,676	
Federal Family Education Loans	FDOE	84.032	1,124,085,889	
Perkins Loan Cancellations	SCC/ SU	84.037	745,489	
Vocational Education Basic Grants to States	FDOC/ FDOE/ FSDB/ SCC/ SU	84.048	80,946,077	35,785,554
Leveraging Educational Assistance Partnership	FDOE	84.069	2,502,833	
Fund for the Improvement of Postsecondary Education	SCC/ SU	84.116	7,005,340	446,851
Minority Science and Engineering Improvement	SCC/ SU	84.120	174,240	
Rehabilitation Services Vocational Rehabilitation Grants to States	FDOE	84.126	127,379,735	
Rehabilitation Services Service Projects	FDOE	84.128	167,010	
Rehabilitation Long Term Training	SU	84.129	572,720	
National Institute on Disability and Rehabilitation Research	SU	84.133	1,206,722	34,000
Migrant Education High School Equivalency Program	SU	84.141	332,385	
College Housing and Academic Facilities Loans (Value of Loans Outstanding)	SU	84.142	5,234,000	
Migrant Education College Assistance Migrant Program	SU	84.149	322,205	
Business and International Education Projects	SCC/ SU	84.153	159,140	
Rehabilitation Services Client Assistance Program	SU	84.161	7,373	
Independent Living State Grants	FDOE	84.169	1,017,905	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	FDOE	84.177	2,666,106	
Special Education Grants for Infants and Families with Disabilities	FDOE/ FDOH	84.181	24,846,683	18,229,581
Safe and Drug - Free Schools and Communities National Programs	FDOE	84.184	1,569,560	1,075,590
Byrd Honors Scholarships	FDOE/ SU	84.185	2,134,189	
Safe and Drug - Free Schools and Communities State Grants	FDLE/ FDOE/ FSDB	84.186	20,087,365	18,471,898
Supported Employment Services for Individuals with Severe Disabilities	FDOE	84.187	1,805,037	
Bilingual Education Professional Development	SCC/ SU	84.195	1,290,526	
Education for Homeless Children and Youth	FDOE	84.196	2,609,058	2,606,912
Graduate Assistance in Areas of National Need	SU	84.200	342,150	
Even Start State Educational Agencies	FAWI/ FDOC/ FDOE	84.213	14,379,039	12,720,219
Fund for the Improvement of Education	FDOE/ SCC/ SU	84.215	1,811,844	97,561
Centers for International Business Education	SU	84.220	315,717	
Assistive Technology	FDOE	84.224	362,774	
Projects with Industry	SCC	84.234	227,291	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Education (Continued)</b>				
Direct Programs – Not Clustered (Continued):				
Rehabilitation Services Demonstration and Training Programs	SU	84.235	\$ 204,393	\$
Tech - Prep Education	FDOE/ SCC	84.243	5,768,530	2,850,687
Rehabilitation Training State Vocational Rehabilitation Unit In - Service Training	FDOE	84.265	197,579	
Charter Schools	FDOE	84.282	25,365,803	24,678,436
Twenty - First Century Community Learning Centers	FDOE	84.287	46,630,032	43,237,559
Ready - To - Learn Television	SU	84.295	5,650	
State Grants for Innovative Programs	FDOC/ FDOE/ FSDB	84.298	15,509,569	13,376,517
Education Technology State Grants	FDOE/ FSDB	84.318	28,187,054	26,892,546
Special Education - State Personnel Development	FDOE	84.323	1,897,869	11,963
Research in Special Education	SU	84.324	1,763,199	937,727
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	4,266,534	
Special Education to Improve Services and Results for Children with Disabilities	FDOH/ SU	84.326	1,217,955	119,336
Advanced Placement Program	FDOE	84.330	291,256	291,256
Grants to States for Incarcerated Youth Offenders	FDOC	84.331	1,559,653	
Comprehensive School Reform Demonstration	FDOE	84.332	11,133,669	10,702,460
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	SCC	84.333	57,585	
Gaining Early Awareness and Readiness for Undergraduate Programs	SCC/ SU	84.334	2,859,536	408,205
Child Care Access Means Parents in School	SCC/ SU	84.335	521,754	
Teacher Quality Enhancement Grants	FDOE/ SU	84.336	245,671	174,806
International Education Technological Innovation and Cooperation for Foreign Information Access	SU	84.337	38,229	
Learning Anytime Anywhere Partnerships	SU	84.339	184,348	
Class Size Reduction	SU	84.340	57,768	
Community Technology Centers	SCC	84.341	183,938	
Preparing Tomorrows Teachers to Use Technology	SU	84.342	20,876	
Vocational Education Occupational and Employment Information State Grants	FDOE	84.346	467,039	55,640
Transition to Teaching	FDOE/ SCC/ SU	84.350	1,141,383	439,336
School Renovation Grants	FDOE	84.352	1,507,940	1,177,564
Tech - Prep Demonstration Grants	SCC	84.353	545,642	
Reading First State Grants	FDOE	84.357	72,600,899	65,368,417
Rural Education	FDOE	84.358	3,612,889	3,443,129
Voluntary Public School Choice	FDOE	84.361	4,953,386	4,270,132
English Language Acquisition Grants	FDOE	84.365	37,002,065	34,697,485
Mathematics and Science Partnerships	FDOE	84.366	5,668,332	1,974,750
Improving Teacher Quality State Grants	FDOC/ FDOE/ FSDB/ SU	84.367	153,209,845	150,889,348
Grants for State Assessments and Related Activities	FDOE	84.369	22,424,230	
Statewide Data Systems	FDOE	84.372	207,628	
National Writing Project	SU	84.928	1,253	
Hurricane Education Recovery	FDOE/ SCC	84.938	19,980,673	
Other Federal Awards	FDOE	84.999	300,467	
Subtotal - Direct Programs - Not Clustered			<u>\$ 2,571,620,008</u>	<u>\$ 1,097,488,509</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
Fund for the Improvement of Postsecondary Education	SU	84.116	75,043	2,750
National Institute on Disability and Rehabilitation Research	SU	84.133	26,479	
Fund for the Improvement of Education	SU	84.215	12,328	
Comprehensive Centers	SU	84.283	224,617	
Regional Technology in Education Consortia	SU	84.302	25,781	
Education Research, Development and Dissemination	SU	84.305	223,722	
Research in Special Education	SU	84.324	11,609	
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	SU	84.325	10,608	
Special Education Technology and Media Services for Individuals with Disabilities	SU	84.327	36,534	
Comprehensive School Reform Demonstration	SU	84.332	77,530	
Early Childhood Educator Professional Development	SU	84.349	60,652	
Other Federal Awards	SU	84.999	210,735	
Special Education Cluster:				
Special Education Grants to States	SU	84.027	32,036	
Subtotal - Indirect Programs - Clustered			<u>\$ 1,027,674</u>	<u>\$ 2,750</u>
Indirect Programs - Not Clustered:				
Adult Education State Grant Program	SCC	84.002	179,623	
Title I Grants to Local Educational Agencies	SU	84.010	106,041	
Higher Education Institutional Aid	SCC	84.031	341,486	
Vocational Education Basic Grants to States	SCC/ SU	84.048	79,324	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Education (Continued)</b>				
Indirect Programs – Not Clustered (Continued):				
Vocational Education National Programs	SCC	84.051	\$ 38,823	\$
Fund for the Improvement of Postsecondary Education	SCC/ SU	84.116	343,947	500
National Institute on Disability and Rehabilitation Research	SU	84.133	1,250	
Safe and Drug - Free Schools and Communities National Programs	SU	84.184	131,239	
Bilingual Education Professional Development	SU	84.195	56,532	
Tech - Prep Education	SCC	84.243	172,868	
Charter Schools	SCC	84.282	469,023	
Comprehensive Centers	SU	84.283	55,643	16,134
Ready - To - Learn Television	SCC/ SU	84.295	21,094	
Technology Innovation Challenge Grants	SCC/ SU	84.303	105,154	
Education Technology State Grants	SU	84.318	591,766	
Research in Special Education	SCC/ SU	84.324	277,281	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	SU	84.325	175,960	
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SU	84.326	129,389	
Comprehensive School Reform Demonstration	SU	84.332	10,611	
Gaining Early Awareness and Readiness for Undergraduate Programs	SU	84.334	76,386	
International Education Technological Innovation and Cooperation for Foreign Information Access	SU	84.337	10,482	
Preparing Tomorrows Teachers to Use Technology	SCC	84.342	25,954	
Early Childhood Educator Professional Development	SU	84.349	4,855	
Transition to Teaching	SCC	84.350	7,046	
Reading First State Grants	SU	84.357	221,471	
Early Reading First	SU	84.359	53,741	
Voluntary Public School Choice	SU	84.361	46,468	
Improving Teacher Quality State Grants	SCC/ SU	84.367	68,190	
Grants for State Assessments and Related Activities	SU	84.369	24,342	
National Writing Project	SU	84.928	65,575	
Other Federal Awards	SU	84.999	2,052,848	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 5,944,412</u>	<u>\$ 16,634</u>
Subtotal - U. S. Department of Education			<u>\$ 4,795,157,873</u>	<u>\$ 1,708,709,179</u>
<b>Smithsonian Institution Fellowship Foundation</b>				
Direct Programs - Not Clustered:				
Other Federal Awards	SU	85.999	4,714	
Subtotal - Direct Programs - Not Clustered			<u>\$ 4,714</u>	<u>\$</u>
Subtotal - Smithsonian Institution			<u>\$ 4,714</u>	<u>\$</u>
<b>National Archives and Records Administration</b>				
Direct Programs - Not Clustered:				
National Historical Publications and Records Grants	FDOS/ SU	89.003	138,416	90,300
Subtotal - Direct Programs - Not Clustered			<u>\$ 138,416</u>	<u>\$ 90,300</u>
Subtotal - National Archives and Records Administration			<u>\$ 138,416</u>	<u>\$ 90,300</u>
<b>Election Assistance Commission</b>				
Direct Programs - Not Clustered:				
Help America Vote Act Requirements Payments	FDOS/ SU	90.401	24,632,161	22,362,290
Subtotal - Direct Programs - Not Clustered			<u>\$ 24,632,161</u>	<u>\$ 22,362,290</u>
Subtotal - Election Assistance Commission			<u>\$ 24,632,161</u>	<u>\$ 22,362,290</u>
<b>U. S. Institute of Peace</b>				
Direct Programs - Not Clustered:				
Other Federal Awards	SU	91.999	14,942	
Subtotal - Direct Programs - Not Clustered			<u>\$ 14,942</u>	<u>\$</u>
Subtotal - U. S. Institute of Peace			<u>\$ 14,942</u>	<u>\$</u>



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services</b>				
Direct Programs – Clustered:				
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FDOEA	93.044	\$ 29,956,377	\$ 25,330,876
Special Programs for the Aging Title III, Part C Nutrition Services	FDOEA	93.045	36,660,122	30,481,344
Nutrition Services Incentive Program	FDOEA	93.053	11,415,338	9,724,462
CCDF - Child Care Cluster:				
Child Care and Development Block Grant	FAWI/ FDCFS/ FDOH/	93.575	188,430,151	177,451,751
Child Care and Development Block Grant	SCC/FDOE			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	FAWI	93.596	170,162,453	170,162,453
Medicaid Cluster:				
State Medicaid Fraud Control Units	FDLA	93.775	11,486,838	
Hurricane Katrina Relief	FAHCA	93.776	1,232,069	
State Survey and Certification of Health Care Providers and Suppliers	FAHCA/ FDOH	93.777	18,005,838	
Medical Assistance Program	FAHCA/ FAPD/ FDCFS/ FDOEA/ FDOH	93.778	7,823,421,754	27,014,192
Research and Development Programs Cluster:				
Special Programs for the Aging Title IV and Title II Discretionary Projects	SU	93.048	284,740	1,300
Centers for Genomics and Public Health	SU	93.063	177,781	
Food and Drug Administration Research	SU	93.103	19,020	
Model State-Supported Area Health Education Centers	SU	93.107	228,876	194,818
Maternal and Child Health Federal Consolidated Programs	SU	93.110	902,650	173,467
Biological Response to Environmental Health Hazards	SU	93.113	2,686,988	891,103
Biometry and Risk Estimation Health Risks from Environmental Exposures	SU	93.115	429,360	57,535
Oral Diseases and Disorders Research	SU	93.121	8,019,405	736,811
Nurse Anesthetist Traineeships	SU	93.124	3,360	
Injury Prevention and Control Research and State and Community Based Programs	SU	93.136	108,620	30,887
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	509,890	255,549
Human Genome Research	SU	93.172	526,565	
Research Related to Deafness and Communication Disorders	SU	93.173	3,348,627	140,472
Research and Training in Complementary and Alternative Medicine	SU	93.213	322,746	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	216,226	7,351
National Center on Sleep Disorders Research	SU	93.233	366,855	
Mental Health Research Grants	SU	93.242	7,516,600	646,666
Advanced Education Nursing Grant Program	SU	93.247	102,565	
Poison Control Stabilization and Enhancement Grants	SU	93.253	329,546	308,859
Occupational Safety and Health Program	SU	93.262	65,073	
Alcohol National Research Service Awards for Research Training	SU	93.272	331,809	
Alcohol Research Programs	SU	93.273	4,028,465	264,601
Drug Abuse and Addiction Research Programs	SU	93.279	9,283,352	680,711
Mental Health Research Career/Scientist Development Awards	SU	93.281	423,510	
Mental Health National Research Service Awards for Research Training	SU	93.282	141,398	
Centers for Disease Control and Prevention Investigations and Technical Assistance	SU	93.283	181,500	34,610
Discovery and Applied Research for Technological Innovations to Improve Human Health	SU	93.286	3,131,001	179,424
Minority Health and Health Disparities Research	SU	93.307	1,151,925	607,700
Advanced Education Nursing Traineeships	SU	93.358	73,186	
Nursing Research	SU	93.361	2,914,856	435,180
National Center for Research Resources	SU	93.389	9,591,068	1,885,231
Academic Research Enhancement Award	SU	93.390	199,090	
Cancer Cause and Prevention Research	SU	93.393	2,609,417	60,332
Cancer Detection and Diagnosis Research	SU	93.394	1,352,830	287,908
Cancer Treatment Research	SU	93.395	2,926,787	445,996
Cancer Biology Research	SU	93.396	4,158,326	156,284
Cancer Centers Support Grants	SU	93.397	779,566	441,358
Cancer Research Manpower	SU	93.398	1,187,092	5,370
Cancer Control	SU	93.399	691,122	11,250
Community Services Block Grant Discretionary Awards	SU	93.570	144	
Community-Based Child Abuse Prevention Grants	SU	93.590	10	
Head Start	SU	93.600	62,611	
Social Services Research and Demonstration	SU	93.647	44,089	6,157
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	SU	93.671	379,646	
Heart and Vascular Diseases Research	SU	93.837	12,612,522	728,774
Lung Diseases Research	SU	93.838	4,622,456	197,883
Blood Diseases and Resources Research	SU	93.839	1,687,544	60,072
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	4,526,037	160,961
Diabetes, Endocrinology and Metabolism Research	SU	93.847	8,812,189	1,901,017
Digestive Diseases and Nutrition Research	SU	93.848	3,220,284	597

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services (Continued)</b>				
Direct Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Kidney Diseases, Urology and Hematology Research	SU	93.849	\$ 4,352,998	\$ 276,791
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	14,168,699	1,851,855
Allergy, Immunology and Transplantation Research	SU	93.855	6,950,642	511,261
Microbiology and Infectious Diseases Research	SU	93.856	9,281,635	703,968
Biomedical Research and Research Training	SU	93.859	16,141,376	1,543,430
Child Health and Human Development Extramural Research	SU	93.865	6,160,240	425,047
Aging Research	SU	93.866	9,799,065	2,791,077
Vision Research	SU	93.867	8,192,276	1,810,154
Medical Library Assistance	SU	93.879	455	
Health Care and Other Facilities	SU	93.887	1,406,594	
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	2,631	
Rural Health Care Services Outreach and Rural Health Network Development Program	SU	93.912	6,194	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	SU	93.918	75,123	26,437
Healthy Start Initiative	SU	93.926	620,766	27,500
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) And Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	SU	93.943	204,888	70,769
Assistance Programs for Chronic Disease Prevention and Control	SU	93.945	738,244	89,225
Public Health Traineeships	SU	93.964	7,052	
International Research and Research Training	SU	93.989	288,776	107,216
Other Federal Awards	SU	93.999	1,278,650	89,350
Student Financial Aid Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Value of Loans Outstanding)	SU	93.342	3,799,998	
Nursing Student Loans (Value of Loans Outstanding)	SCC/ SU	93.364	89,093	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	SCC/ SU	93.925	1,631,575	
Subtotal - Direct Programs - Clustered			<u>\$ 8,483,257,235</u>	<u>\$ 462,485,392</u>
Direct Programs - Not Clustered:				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	FDOH	93.006	243,419	
Medical Reserve Corps Small Grant Program	FDOH	93.008	283,599	
Community-Based Abstinence Education (CBAE)	FDOH	93.010	715,877	
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	FDOEA	93.041	302,457	197,651
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	FDOEA	93.042	999,486	4,770
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	FDOEA	93.043	1,691,609	1,445,925
Special Programs for the Aging Title IV and Title II Discretionary Projects	FDOEA/ SU	93.048	11,942,538	10,398,243
Alzheimer's Disease Demonstration Grants to States	FDOEA	93.051	284,682	116,324
National Family Caregiver Support	FDOEA	93.052	12,641,982	8,644,443
Food and Drug Administration Research	FDACS/ SU	93.103	12,867	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	FDCFS	93.104	530,916	381,086
Model State-Supported Area Health Education Centers	SU	93.107	277,113	236,815
Maternal and Child Health Federal Consolidated Programs	FDOH/ SU	93.110	1,025,543	120,726
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	FDOC/ FDOH	93.116	7,842,200	1,782,337
Oral Diseases and Disorders Research	SU	93.121	102,114	
Nurse Anesthetist Traineeships	SU	93.124	29,810	
Emergency Medical Services for Children	FDOH	93.127	166,494	
Primary Care Services Resource Coordination and Development	FDOH	93.130	326,401	50,000
Centers for Research and Demonstration for Health Promotion and Disease Prevention	SU	93.135	792,613	119,518
Injury Prevention and Control Research and State and Community Based Programs	FDOH/ SU	93.136	2,512,165	1,683,277
Protection and Advocacy for Individuals with Mental Illness	SU	93.138	52,259	32,024
AIDS Education and Training Centers	SU	93.145	2,824,650	994,652
Projects for Assistance in Transition from Homelessness (PATH)	FDCFS	93.150	3,301,915	3,221,754
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	1,804,407	1,155,492
Centers of Excellence	SU	93.157	358,594	
Human Genome Research	SU	93.172	691	
Research Related to Deafness and Communication Disorders	SU	93.173	96,866	
Nursing Workforce Diversity	SCC	93.178	21,094	
Allied Health Special Projects	SU	93.191	442,024	
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	FDOH	93.197	919,105	
Surveillance of Hazardous Substance Emergency Events	FDOH	93.204	97,989	
Research and Training in Complementary and Alternative Medicine	SU	93.213	241,276	
Family Planning Services	FDOH	93.217	9,993,629	342,212

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GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services (Continued)</b>				
Direct Programs – Not Clustered (Continued):				
Consolidated Health Centers	FDOH	93.224	\$ 1,831,336	\$
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	57,826	2,500
Indian Health Service Health Management Development Program	FDACS	93.228	226,832	
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	162	
Traumatic Brain Injury State Demonstration Grant Program	FDOH	93.234	1,155,013	
Abstinence Education Program	FDOH	93.235	2,529,097	1,948,173
Grants for Dental Public Health Residency Training	SU	93.236	123,781	
State Capacity Building	FDOH	93.240	487,123	
State Rural Hospital Flexibility Program	FDOH	93.241	479,221	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	FDCFS/ SU	93.243	2,039,933	551,817
Advanced Education Nursing Grant Program	SU	93.247	1,446,794	
Universal Newborn Hearing Screening	FDOH	93.251	94,720	
Healthy Community Access Program	FDOH	93.252	283,560	
Poison Control Stabilization and Enhancement Grants	SU	93.253	19,252	
State Planning Grant Health Care Access for the Uninsured	FAHCA	93.256	30,000	
Rural Access to Emergency Devices Grant	FDOH	93.259	166,756	
Occupational Safety and Health Program	SU	93.262	824,954	
Occupational Safety and Health Training Grants	SU	93.263	211,313	10,941
Nurse Faculty Loan Program (NFLP)	SU	93.264	157,234	
Immunization Grants*	FDOH	93.268	91,283,125	61,166,726
Substance Abuse and Mental Health Services - Access to Recovery	FDCFS	93.275	4,639,983	128,119
Drug Abuse and Addiction Research Programs	SU	93.279	4,606	
Mental Health Research Career/Scientist Development Awards	SU	93.281	202,874	
Mental Health National Research Service Awards for Research Training	SU	93.282	60,141	
Centers for Disease Control and Prevention Investigations and Technical Assistance	FDOE/ FDOH/ SU	93.283	48,792,770	2,875,304
Discovery and Applied Research for Technological Innovations to Improve Human Health	SU	93.286	290,125	37,403
National Health Service Corps Scholarship Program	SU	93.288	66,107	
Small Rural Hospital Improvement Grant Program	FDOH	93.301	150,841	
Advanced Education Nursing Traineeships	SU	93.358	467,466	
Nurse Education, Practice and Retention Grants	SCC/ SU	93.359	595,385	9,450
Nursing Research	SU	93.361	56,069	
National Center for Research Resources	SU	93.389	512,708	
Cancer Research Manpower	SU	93.398	1,286,152	27,779
Cancer Control	SU	93.399	839,198	26,929
Ruminant Feed Ban Support Project	FDACS	93.449	28,518	
Promoting Safe and Stable Families	FDCFS	93.556	17,469,530	14,728,548
Temporary Assistance for Needy Families	FAWI/ FDCFS/ FDLE/ FDMA/ FDOE/ FDOH	93.558	450,447,591	357,550,607
Child Support Enforcement	Courts/ FDOR/ JAC	93.563	192,399,362	23,047,294
Child Support Enforcement Research	FDOR	93.564	122,483	
Refugee and Entrant Assistance State Administered Programs	FAHCA/ FDCFS/ FDOH	93.566	56,136,754	15,411,508
Low-Income Home Energy Assistance	FDCA/ FDOEA	93.568	30,763,641	30,153,584
Community Services Block Grant	FDCA	93.569	18,342,043	18,342,043
Community Services Block Grant Discretionary Awards	SU	93.570	60,964	
Community Services Block Grant Formula and Discretionary Awards - Community Food and Nutrition Programs	FDCA	93.571	239,520	239,520
Child Care for Families At - Risk of Welfare Dependency	SCC	93.574	236,893	
Refugee and Entrant Assistance Discretionary Grants	FDCFS/ FDOH/ SCC	93.576	25,796,268	17,829,870
U. S. Repatriation	FDCFS	93.579	30,679	
Refugee and Entrant Assistance Targeted Assistance Grants	FDCFS	93.584	15,050,229	14,944,584
State Court Improvement Program	Courts	93.586	511,876	
Community-Based Child Abuse Prevention Grants	FDCFS	93.590	1,395,664	1,197,448
Grants to States for Access and Visitation Programs	FDCFS	93.597	379,613	379,613
Chafee Education and Training Vouchers Program (ETV)	FDCFS	93.599	2,004,690	1,383,760
Head Start	SCC/ SU	93.600	1,462,925	222,100
Adoption Incentive Payments	FDCFS	93.603	2,972,571	2,419,021
Voting Access for Individuals with Disabilities Grants to States	FDOS	93.617	242,974	242,974
University Centers for Excellence in Developmental Disabilities Education, Research and Service	SU	93.632	145,434	
Children's Justice Grants to States	FDCFS/ FDLE/ FDOH	93.643	1,054,406	103,364
Child Welfare Services State Grants	FDCFS/ JAC	93.645	15,491,655	13,563,822
Adoption Opportunities	FDCFS	93.652	10,059	
Foster Care Title IV-E	FDCFS/ FDJJ/ SU	93.658	135,247,233	110,683,137
Adoption Assistance	FDCFS	93.659	58,046,265	46,192,601
Social Services Block Grant	FAPD/ FAWI/ FDCFS/ FDJJ/ FDOH	93.667	170,146,314	55,921,588
Child Abuse and Neglect State Grants	FDCFS	93.669	359,494	267,338

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services (Continued)</b>				
Direct Programs – Not Clustered (Continued):				
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	FDCFS	93.671	\$ 2,942,425	\$ 2,920,480
Chafee Foster Care Independence Program	FDCFS	93.674	7,002,337	4,607,456
State Children's Insurance Program	FAHCA/ FDCFS/ FDOH	93.767	238,274,136	165,742,498
Medicaid Infrastructure Grants To Support the Competitive Employment of People With Disabilities	FAPD	93.768	212,539	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	FAHCA/ FAPD/ FDCFS/ FDMS/ FDOEA	93.779	2,789,664	963,449
Health Careers Opportunity Program	SCC/ SU	93.822	984,947	
Heart and Vascular Diseases Research	SU	93.837	54,543	
Lung Diseases Research	SU	93.838	137,129	
Blood Diseases and Resources Research	SU	93.839	143,160	
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	148,125	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	2,812,839	458,177
Digestive Diseases and Nutrition Research	SU	93.848	245,313	
Kidney Diseases, Urology and Hematology Research	SU	93.849	282,647	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	210,975	
Microbiology and Infectious Diseases Research	SU	93.856	313,445	
Biomedical Research and Research Training	SCC/ SU	93.859	612,627	
Child Health and Human Development Extramural Research	SCC/ SU	93.865	1,520,135	122,688
Aging Research	SU	93.866	495,544	
Vision Research	SU	93.867	198,681	
Grants for Training in Primary Care Medicine and Dentistry	SU	93.884	397,500	
Health Care and Other Facilities	FDOH/ SCC/ SU	93.887	3,506,148	40,000
Specially Selected Health Projects	SU	93.888	748,259	292,488
National Bioterrorism Hospital Preparedness Program	FDOH	93.889	26,740,255	25,441,032
Rural Health Care Services Outreach and Rural Health Network Development Program	FDOH	93.912	289,217	
Grants to States for Operation of Offices of Rural Health	FDOH	93.913	71,085	45,000
HIV Care Formula Grants	FDOH	93.917	115,668,949	29,442,590
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	FDOH/ SU	93.918	3,626,685	309,132
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	FDOH	93.919	3,095,705	2,502,169
Healthy Start Initiative	FDOH/ SU	93.926	2,295,574	295,233
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	FDOE/ FDOH	93.938	919,172	
HIV Prevention Activities Health Department Based	FDOC/ FDOH	93.940	18,630,138	5,401,676
HIV Demonstration, Research, Public and Professional Education Projects	FDOH	93.941	426,852	173,433
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) And Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	FDOH	93.943	234,033	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	FDOH	93.944	4,082,724	641,210
Assistance Programs for Chronic Disease Prevention and Control	FDOH	93.945	1,553,404	112,500
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	FDOH	93.946	42,964	
Trauma Care Systems Planning and Development	FDOH	93.952	10,008	
Block Grants for Community Mental Health Services	FDCFS	93.958	24,704,916	17,737,871
Block Grants for Prevention and Treatment of Substance Abuse	FDCFS/ FDOH	93.959	95,253,176	88,851,479
Health Administration Traineeships Program	SU	93.962	18,512	
Public Health Traineeships	SU	93.964	29,579	
Geriatric Education Centers	SU	93.969	312,122	49,712
Preventive Health Services Sexually Transmitted Diseases Control Grants	FDOH	93.977	5,452,311	642,765
Preventive Health Services Sexually Transmitted Diseases Control Grants	FDOH	93.978	512,166	135,946
Mental Health Disaster Assistance and Emergency Mental Health	FDCFS	93.982	18,895,322	12,616,428
Cooperative Agreements for State - Based Diabetes Control Programs and Evaluation of Surveillance Systems	FDOH	93.988	656,793	32,308
Preventive Health and Health Services Block Grant	FDOH	93.991	2,996,834	248,525
Maternal and Child Health Services Block Grant to the States	FDOH	93.994	20,946,298	12,814,414
Bioterrorism Training and Curriculum Development Program	SU	93.996	107,458	
Other Federal Awards	FDOH/ SU	93.999	1,037,279	
Subtotal - Direct Programs - Not Clustered			<u>\$ 2,033,529,138</u>	<u>\$ 1,195,177,373</u>
Indirect Programs – Clustered:				
CCDF - Child Care Cluster:				
Child Care and Development Block Grant	SU	93.575	24,231	
Medicaid Cluster:				
Medical Assistance Program	SU	93.778	37,236	
Research and Development Programs Cluster:				
Civil Rights and Privacy Rule Compliance Activities	SU	93.001	43,089	
Cooperative Agreements to Improve the Health Status of Minority Populations	SU	93.004	2,178	
Food and Drug Administration Research	SU	93.103	3,262	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster (Continued):				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	\$ 184,249	\$
Maternal and Child Health Federal Consolidated Programs	SU	93.110	605,075	
Biological Response to Environmental Health Hazards	SU	93.113	17,651	
Oral Diseases and Disorders Research	SU	93.121	1,074,666	
Mental Health Planning and Demonstration Projects	SU	93.125	45,447	
Grants to Increase Organ Donations	SU	93.134	15,984	
AIDS Education and Training Centers	SU	93.145	2,206,659	
Health Center Grants for Homeless Populations	SU	93.151	87,322	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	2,365	
Human Genome Research	SU	93.172	988,052	
Research Related to Deafness and Communication Disorders	SU	93.173	90,431	
Immunization Research, Demonstration, Public Information and Education Training And Clinical Skills Improvement Projects	SU	93.185	49,008	
Health Education and Training Centers	SU	93.189	96,091	58,688
Research and Training in Complementary and Alternative Medicine	SU	93.213	24,361	
Research on Healthcare Costs, Quality and Outcomes	SU	93.226	133,438	
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	6,671	
National Center on Sleep Disorders Research	SU	93.233	43,323	
Policy Research and Evaluation Grants	SU	93.239	7,610	
Mental Health Research Grants	SU	93.242	614,068	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	SU	93.243	257,406	
Healthy Community Access Program	SU	93.252	1,736	
Alcohol Research Programs	SU	93.273	184,543	
Drug Abuse and Addiction Research Programs	SU	93.279	191,045	
Centers for Disease Control and Prevention Investigations and Technical Assistance	SU	93.283	832,220	50,680
Discovery and Applied Research for Technological Innovations to Improve Human Health	SU	93.286	424,685	
Clinical Research	SU	93.333	86,935	
National Center for Research Resources	SU	93.389	102,000	
Academic Research Enhancement Award	SU	93.390	9,980	
Cancer Cause and Prevention Research	SU	93.393	35,141	
Cancer Detection and Diagnosis Research	SU	93.394	624,250	
Cancer Treatment Research	SU	93.395	2,101,302	11,926
Cancer Biology Research	SU	93.396	10,956	
Cancer Centers Support Grants	SU	93.397	37,977	
Cancer Control	SU	93.399	139,977	
Community Services Block Grant Discretionary Awards	SU	93.570	4,563	
Early Learning Fund	SU	93.577	99,327	
Head Start	SU	93.600	96,189	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	125,808	21,540
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	SU	93.671	5,584	
Basic/Core Area Health Education Centers	SU	93.824	33,571	
Heart and Vascular Diseases Research	SU	93.837	310,035	
Lung Diseases Research	SU	93.838	1,381,763	84,760
Blood Diseases and Resources Research	SU	93.839	274,919	
Arthritis, Musculoskeletal and Skin Diseases Research	SU	93.846	226,643	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	702,203	
Digestive Diseases and Nutrition Research	SU	93.848	298,197	
Kidney Diseases, Urology and Hematology Research	SU	93.849	112,991	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	1,106,628	
Allergy, Immunology and Transplantation Research	SU	93.855	79,413	
Microbiology and Infectious Diseases Research	SU	93.856	981,886	
Biomedical Research and Research Training	SU	93.859	968,086	
Child Health and Human Development Extramural Research	SU	93.865	679,313	
Aging Research	SU	93.866	842,795	
Vision Research	SU	93.867	366,808	78,917
Resource and Manpower Development in the Environmental Health Sciences	SU	93.894	134,631	
HIV Emergency Relief Project Grants	SU	93.914	184,624	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	SU	93.938	11,683	
Health and Safety Programs for Construction Work	SU	93.955	2,094	
Geriatric Education Centers	SU	93.969	2,009	
Other Federal Awards	SU	93.999	1,988,938	1,150
Student Financial Aid Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Value of Loans Outstanding)	SU	93.342	21,829	
Subtotal - Indirect Programs - Clustered			\$ 22,485,150	\$ 307,661

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Health and Human Services (Continued)</b>				
Indirect Programs – Not Clustered:				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	SU	93.006	\$ 126,619	\$
National Family Caregiver Support	SU	93.052	186,261	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SU	93.104	55,099	
Model State Supported Area Health Education Centers	SU	93.107	67,744	
Maternal and Child Health Federal Consolidated Programs	SU	93.110	187,351	
Projects for Assistance in Transition from Homelessness (PATH)	SU	93.150	2,322	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	SU	93.153	144,359	
Health Education and Training Centers	SU	93.189	286,124	131,910
Consolidated Knowledge Development and Application (KD&A) Program	SU	93.230	12,500	
Mental Health Research Grants	SU	93.242	17,344	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	SCC/ SU	93.243	396,247	
Healthy Community Access Program	FDOH	93.252	121,401	
Drug Abuse and Addiction Research Programs	SU	93.279	97,884	
Centers for Disease Control and Prevention Investigations and Technical Assistance	SU	93.283	1,754,164	41,127
Cancer Centers Support Grants	SU	93.397	3,867	
Promoting Safe and Stable Families	SU	93.556	216,518	
Temporary Assistance for Needy Families	SCC/ SU	93.558	5,282,421	633,097
Community Services Block Grant Discretionary Awards	SCC/ SU	93.570	67,174	
Early Learning Fund	SU	93.577	3,575	
Head Start	SU	93.600	31,914	
Developmental Disabilities Basic Support and Advocacy Grants	SU	93.630	139,611	11,095
Adoption Opportunities	SU	93.652	77,320	
Foster Care Title IV-E	SU	93.658	633,720	67,500
Child Abuse and Neglect Discretionary Activities	SU	93.670	3,558	
Diabetes, Endocrinology and Metabolism Research	SU	93.847	29,252	
Extramural Research Programs in the Neurosciences and Neurological Disorders	SU	93.853	3,817	
Biomedical Research and Research Training	SCC	93.859	23,167	
Child Health and Human Development Extramural Research	SU	93.865	579,111	
Family and Community Violence Prevention Program	FDOH	93.910	104,193	
HIV Emergency Relief Project Grants	FDOH/ SU	93.914	5,651,217	
HIV Care Formula Grants	FDOH	93.917	6,376,269	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	FDOH	93.918	338,199	
Healthy Start Initiative	FDOH/ SU	93.926	175,838	
HIV Prevention Activities Health Department Based	SU	93.940	707	
HIV Demonstration, Research, Public and Professional Education Projects	SU	93.941	5,017	
Block Grants for Prevention and Treatment of Substance Abuse	SU	93.959	97,684	
Health Administration Traineeships Program	SU	93.962	18,131	
International Research and Research Training	SU	93.989	6,462	
Adolescent Family Life Demonstration Projects	SU	93.995	50,243	
Bioterrorism Training and Curriculum Development Program	SCC	93.996	42,466	
Other Federal Awards	SU	93.999	222,863	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 23,639,733</u>	<u>\$ 884,729</u>
Subtotal - U. S. Department of Health and Human Services			<u>\$ 10,562,911,256</u>	<u>\$ 1,658,855,155</u>
<b>U. S. Corporation for National and Community Service</b>				
Direct Programs – Clustered:				
Foster Grandparent/Senior Companion Cluster: Senior Companion Program	FDOEA	94.016	319,552	251,086
Subtotal - Direct Programs - Clustered			<u>\$ 319,552</u>	<u>\$ 251,086</u>
Direct Programs - Not Clustered:				
Retired and Senior Volunteer Program	SCC	94.002	111,667	
Learn and Serve America School and Community Based Programs	FDOE/ SCC	94.004	1,845,273	1,065,191
AmeriCorps	FDEP/ FDOEA/ SCC	94.006	298,268	184,511
Planning and Program Development Grants	SCC	94.007	3,548	
Volunteers in Service to America	SU	94.013	222,782	
Subtotal - Direct Programs - Not Clustered			<u>\$ 2,481,538</u>	<u>\$ 1,249,702</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster: Planning and Program Development Grants	SU	94.007	4,271	
Subtotal - Indirect Programs - Clustered			<u>\$ 4,271</u>	<u>\$</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Corporation for National and Community Service (Continued)</b>				
Indirect Programs - Not Clustered:				
Learn and Serve America Higher Education	SCC	94.005	\$ 38,896	\$
AmeriCorps	FDOEA/ SU	94.006	279,751	82,225
Planning and Program Development Grants	SCC/ SU	94.007	7,475	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 326,122</u>	<u>\$ 82,225</u>
Subtotal - U. S. Corporation for National and Community Service			<u>\$ 3,131,483</u>	<u>\$ 1,583,013</u>
<b>U. S. Social Security Administration</b>				
Direct Programs – Clustered:				
Disability Insurance/SSI Cluster:				
Social Security Disability Insurance	FDLE/ FDOH	96.001	<u>85,915,053</u>	
Subtotal - Direct Programs - Clustered			<u>\$ 85,915,053</u>	<u>\$</u>
Subtotal - U. S. Social Security Administration			<u>\$ 85,915,053</u>	<u>\$</u>
<b>U. S. Department of Homeland Security</b>				
Direct Programs – Clustered:				
Homeland Security Cluster:				
State Domestic Preparedness Equipment Support Program	FDACS/ FDCA/ FDEP/ FDMS/ FDOE/ FDOH/ FFWCC	97.004	80,260,447	34,198,521
Homeland Security Grant Program	FDACS/ FDCA/ FDHSMV/ FDLE/ FDMS/ FDOH/ FFWCC	97.067	17,256,064	7,690,419
Research and Development Programs Cluster:				
Research Projects	SU	97.002	16,062	
Pre-Disaster Mitigation	SU	97.047	5,569	
Competitive Training Grants	SU	97.068	295,275	
Subtotal - Direct Programs - Clustered			<u>\$ 97,833,417</u>	<u>\$ 41,888,940</u>
Direct Programs - Not Clustered:				
Pilot Demonstration or Earmarked Projects	FDCA/ FDLE/ FFWCC	97.001	2,165,451	1,852,751
State and Local Homeland Security Training Program	SCC	97.005	55,346	
Homeland Security Preparedness Technical Assistance	SCC	97.007	2,022,679	
Urban Areas Security Initiative	FDCA	97.008	29,697,373	29,697,373
Boating Safety Financial Assistance	FFWCC	97.012	7,036,080	
Pre-Disaster Mitigation (PDM) Competitive Grants	FDCA	97.017	630,819	630,690
Hazardous Materials Training Program	FDCA	97.020	4,963	
Community Assistance Program State Support Services Element (CAP-SSSE)	FDCA	97.023	2	
Flood Mitigation Assistance	FDCA	97.029	1,925,298	1,636,280
Crisis Counseling	FDCA/ FDCFS	97.032	5,436,143	105,812
Disaster Unemployment Assistance	FAWI	97.034	6,425,586	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Courts/ FAHCA/ FAPD/ FDACS/ FDBPR/ FDCA/ FDEP/ FDHSMV/ FDJJ/ FDLE/ FDMA/ FDMS/ FDOC/ FDOEA/ FDOH/ FDOS/ FDOT/ FFWCC/ SCC	97.036	1,760,981,185	1,562,089,726
Hazard Mitigation Grant	FDCA/ FDOC/ FDOE	97.039	18,097,478	10,502,965
National Dam Safety Program	FDEP	97.041	49,458	
Emergency Management Performance Grants	FDCA	97.042	333,801	42,526
Fire Management Assistance Grant	FDACS	97.046	449,222	
Pre-Disaster Mitigation	FDCA	97.047	196,294	196,294
Citizen Corps	FDMS	97.053	3,860,306	
Pre-Disaster Mitigation Disaster Resistant Universities	FDCA	97.063	23,792	23,792
Subtotal - Direct Programs - Not Clustered			<u>\$ 1,839,391,276</u>	<u>\$ 1,606,778,209</u>
Indirect Programs – Clustered:				
Homeland Security Cluster:				
State Domestic Preparedness Equipment Support Program	FDLE	97.004	58,529	
Homeland Security Grant Program	SU	97.067	6,286	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2006**  
*(continued)*

GRANTOR/PROGRAM	ADMINISTERING AGENCY	CFDA NUMBER	2005-2006 EXPENDITURES	2005-2006 TRANSFER TO SUBRECIPIENTS
<b>U. S. Department of Homeland Security (Continued)</b>				
Indirect Programs – Clustered (Continued):				
Research and Development Programs Cluster:				
Other Federal Awards	SU	97.999	\$ 86,674	\$
Subtotal - Indirect Programs - Clustered			<u>\$ 151,489</u>	<u>\$</u>
Subtotal - U. S. Department of Homeland Security			<u>\$ 1,937,376,182</u>	<u>\$ 1,648,667,149</u>
<b>U. S. Agency for International Development</b>				
Direct Programs – Clustered:				
Research and Development Programs Cluster:				
USAID Foreign Assistance for Programs Overseas	SU	98.001	2,835,734	213,001
John Ogonowski Farmer-to-Farmer Program	SU	98.009	223,776	7,244
USAID Development Partnerships for University Cooperation and Development	SU	98.012	223,757	117,483
Other Federal Awards	SU	98.999	107,424	
Subtotal - Direct Programs - Clustered			<u>\$ 3,390,691</u>	<u>\$ 337,728</u>
Indirect Programs – Clustered:				
Research and Development Programs Cluster:				
John Ogonowski Farmer-to-Farmer Program	SU	98.009	205,056	
Global Development Alliance	SU	98.011	268,322	226,076
USAID Development Partnerships for University Cooperation and Development	SU	98.012	24,829	
Other Federal Awards	SU	98.999	842,969	185,541
Subtotal - Indirect Programs - Clustered			<u>\$ 1,341,176</u>	<u>\$ 411,617</u>
Indirect Programs - Not Clustered:				
USAID Development Partnerships for University Cooperation and Development	SCC	98.012	9,775	
Other Federal Awards	SCC/ SU	98.999	605,743	
Subtotal - Indirect Programs - Not Clustered			<u>\$ 615,518</u>	<u>\$</u>
Subtotal - U. S. Agency for International Development			<u>\$ 5,347,385</u>	<u>\$ 749,345</u>
Direct Total Federal Awards Expenditures			<u>\$ 23,782,421,553</u>	<u>\$ 6,409,993,210</u>
Indirect Total Federal Awards Expenditures			<u>\$ 98,898,265</u>	<u>\$ 2,285,515</u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$ 23,881,319,818</b></u>	<u><b>\$ 6,412,278,725</b></u>

The accompanying notes to the Schedule of Federal Awards are an integral part of this schedule.

\* Indicates Noncash Assistance



# NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2006

## ***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, exclusive of any component units of the State Universities and 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.

- **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 majority of State Universities (SU) consist of amounts expended from Federal programs by the applicable institutions determined in accordance with the cash basis of accounting. 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. The Universities of South Florida, North Florida, Gulf Coast and New College and the State Community Colleges (SCC) reported expenditures on the accrual basis of accounting.

Appropriate adjustments have been made to the expenditures reported on the accompanying schedule to preclude reporting both the transfers of Federal awards pursuant to subrecipient relationships between the various State agencies, universities, and community colleges, and the subsequent expenditures.

- **Transfers to Subrecipients Column**

The column on the accompanying schedule captioned "Transfers to Subrecipients" represents the amounts transferred by the State agencies, universities, and community colleges to subrecipients that are not included in the State's Schedule of Expenditures of Federal Awards. The amounts in this column are also included in the column captioned "Expenditures". Transfers between the State agencies, universities, and community colleges pursuant to subrecipient relationships are not included in this column.

- **Administering Agency**

The agencies and institutions reported as the administering agencies on the accompanying schedule represent the entities that expended and/or administered the respective Federal awards programs.

- **Noncash Assistance**

The State participates in several Federal awards programs in which noncash benefits are provided through the State to eligible program participants. The programs that report noncash benefits [e.g., food stamps (CFDA No. 10.551), food donation (CFDA No. 10.550), food commodities (CFDA No. 10.569), immunization grants (CFDA No. 93.268), and surplus property (CFDA No. 39.003)] are identified on the accompanying schedule by an asterisk next to the applicable grantor/program. Of the \$91 million reported for immunization grants (CFDA No. 93.268), \$82 million was for vaccines distributed. 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. Except for those loan programs where the amounts are specifically designated as representing the value of loans outstanding, the current year loan disbursements 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 2005-06 fiscal year totaled \$14,613,219. 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, 2006, totaled \$102,220,674.

- **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, 2006, totaled \$1,130,257,052 of which \$678,220,230 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, 2006, totaled \$221,453,734.

- **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 is a guarantee agency for the FFEL Program. During the 2005-06 fiscal year, payments made to lenders to cover student loans in default totaled \$142,632,880 and the value of new net loan guarantees totaled \$981,453,008 and are shown on one line of the accompanying schedule. The value of loan guarantees outstanding at June 30, 2006, totaled \$4,732,176,459.

**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 \$98,575,220 and State funds of \$787,826,109 disbursed during the 2005-06 fiscal year from the State's account in the FUTF.

#### NOTE 4. 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	2005-2006 EXPENDITURES (in thousands)
<b>Office of National Drug Control Policy</b>			
St. Johns County	I3PNFP501	07.999	\$ 63
Total - Office of National Drug Control Policy			\$ 63
<b>U. S. Department of Agriculture</b>			
Alabama A & M University	00-52100-9616FAMU	10.001	19
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	10.561	200
Archbold Biological Station	ARCH/US00-35101-9292	10.206	4
Auburn University	05-AGR0534226-UF/ 2003-06169	10.200	41
Auburn University	Auburn Univ 02-AGR-5	10.999	1
Bioprodex, Inc.	N/A	10.212	12
Clemson University	976 7557 207 2095025	10.457	6
Clemson University	871-7557-215-2004449	10.500	2
Cornell University	48228-7940	10.303	1
Cornell University	42681-7481	10.304	16
Gulf Coast Workforce Development Board	06-WT-GC	10.551	71
Harbor Branch Oceanographic Institute	A2120/ NA	10.999	99
Iowa State University	416-45-15	10.200	16
Iowa State University	416-30-24	10.307	4
MBI International	61-4089A	10.999	1
Michigan State University	USDA/Michigan State	10.303	4
Mississippi State University	N/A	10.200	38
North Carolina State University	2005-1763-02	10.200	22
North Carolina State University	2003-1290-02/ 2003-1486-07/ 2003-1486-18	10.303	81
North Carolina State University	2006-0457-11	10.500	86
Rutgers University	2004-FL01-ARS/ 2004-FLB001/ 2005-34383-15437/ 2005-FL001-ARS/ RUTGERS UNIV/ USDA/RUTGERS UNIV	10.200	308
Rutgers University	USDA/Rutgers Univ 1676	10.999	33
South Carolina State University	04-443620-FCS-FSU-FL	10.216	21
Southern United States Trade Association	SUSTA/EMO 01-03 flm	10.603	69
State of Louisiana	632771	10.025	10
Team Santa Rosa, Inc.	N/A	10.769	23
Texas A & M University	N/A	10.303	69
Texas A & M University	N/A	10.500	46
Texas A & M University	N/A	10.999	83
U. S. - Egypt Science & Technology Joint Fund	43314825105 USTreasu	10.961	7
U. S. - Israel Bionational Agri. R & D Foundation	2004-34135-14715	10.200	34
University of Alaska	UAF 06-0077	10.652	23
University of Arkansas	UA AES 2001-118	10.206	4
University of California	SA6933/ SA7080/ SA7086	10.200	110
University of California	K004629-02	10.302	71
University of Georgia	RD309 055/9820107/ RD309-040/3581567/ RD309-049-6582467/ RD309-055/9037057/ RD309-055/9038547/ RD309-061/9039897/ RD318-103/7877507	10.200	147
University of Georgia	RC299-338/8920847/ RD294-259/5812107	10.303	36
University of Georgia	RE675-109/6331837/ RE675-109/7512037/ RE675-110/8920047	10.500	46
University of Georgia - Athens	RC282-169/9039327	10.652	3
University of Guam	USDA2005-34135-16433	10.200	9
University of Illinois	2003-06716-02	10.206	4
University of Illinois	01-123	10.961	3
University of Maine	USDA/Univ of Maine	10.217	15
University of Maryland	Z510601	10.206	17
University of Maryland	Z5060103	10.303	10
University of Missouri	C00006883-1	10.217	19
University of New Hampshire	PZ05023	10.206	40
University of North Texas	Univ of North Texas	10.999	9
University of Puerto Rico	AES-PO-04-001/ AES-PO-05-2	10.200	43
University of Puerto Rico	AES-PO-007	10.999	4
University of Vermont	GE34-01	10.217	4
University of Vermont	SAN05-UFL	10.500	15
Walton County Grants Department	M0215	10.561	86
Workforce Escarosa, Inc.	WIA-05/06-01	10.551	1
Total - U. S. Department of Agriculture			\$ 2,146

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Department of Commerce</b>			
Clemson University	SC94775582272004113	11.113	\$ 30
Consortium For Ocean Research & Education	Check #: 4896	11.481	15
Ea, Engineering, Science And Technology	CONTRACT #2569	11.463	50
Ea, Engineering, Science And Technology	2190	11.473	170
Earth And Space Research	P.O. 06-73 03-104	11.473	30
Escambia County	PO #251257 & PO# 261093	11.419	13
Gulf of Mexico Fishery Mgmt Council	NOAA CRCG 2004	11.433	43
Gulf States Marine Fisheries Commission	Bullfish-2005-12	11.454	27
Harbor Branch Ocean Institute	N/A	11.417	38
Impact Assessment, Inc.	WO13306CN0003	11.472	6
Louisiana State University	PRIME=NA16RG2249 LSU=C175664	11.417	12
Mote Marine Laboratory	MML-122628C	11.472	448
Mote Marine Laboratory	N/A	11.478	1
National Fish and Wildlife Foundation	2002-0005-020/ 2002-0005-039.CON/ 2002-0005-040.CON/ 2003-0092-010/ 2003-0170-012/ 2003-0170-028/ 2003-0206-008/ 2004-0002-003/ 2004-0012-008/ 2004-0012-010/ 2004-0012-013/ 2005-0326-002/ NA17FZ2979	11.463	421
National Fish and Wildlife Foundation	20030092009	11.467	18
National Fish and Wildlife Foundation	2004-0012-009	11.481	26
Nature Conservancy	N/A	11.999	5
Rutgers University	1834/ P.O. #S686023	11.430	19
Southeast University Research Association	SURA-2005-203	11.999	194
Tampa Bay Estuary Program	6350a	11.463	25
University Corporation for Atmospheric Research	S04-44696	11.467	47
University of Connecticut	ADMIN FUNDING	11.460	38
University of Georgia	RE676-224/9036277	11.417	70
University of Hawaii	NOAA#NA 17RJ 1230/PO Z748818	11.432	2
University of Maryland	CA 02-14/07525464373	11.473	354
University of Miami	66099H	11.430	12
University of Miami	660125	11.431	166
University of Miami	P773464	11.432	226
University of Miami	66099H	11.481	4
University of Miami	DOC/NA17RJ1226/P6970	11.999	192
University of Michigan	Contract	11.432	36
University of Minnesota	Univ of Minn D903901	11.417	30
University of Mississippi	USM/USDOC GR01764	11.417	53
University of New Hampshire	06-033	11.419	36
University of North Carolina	2003-24A	11.430	4
University of North Carolina - Wilmington	GOM-2004-10A	11.430	40
University of Southern Mississippi	USM-GR01167	11.999	41
University of Virginia	R/CF - 47	11.417	14
University of Wisconsin	G070033	11.440	36
Wild America Shrimp, Inc.	00060938-C	11.999	11
Wildlife Trust	NA	11.999	3
Woods Hole Oceanographic Institution	A100386	11.431	240
Total - U. S. Department of Commerce			<u>\$ 3,246</u>
<b>U. S. Department of Defense</b>			
Academy of Applied Sciences	05-48/ 05-81	12.431	4
Aces Q.C. LLC	N/A	12.999	25
ACS Defense, Inc.	ACSD-04-036	12.999	67
Advanced Material Technology, Inc.	HTC 2004-2005	12.431	13
Aerodyne Research, Inc.	ARI-10263-1	12.431	69
Alion Science & Technology	N/A	12.910	43
Alion Science & Technology	PUR1175189	12.999	2
American Superconductor Corporation	034821/ 037339-00/ NA	12.999	188
Anteon Corporation	N/A	12.800	35
Apecor	N/A	12.800	46
Applied Research Associates	S-29000.18	12.800	26
Applied Research Associates	S-29000.25	12.999	9
Aptima, Inc.	02201157	12.910	33
BAE Systems	230309/ RP6889	12.999	240
Ball Aerospace & Technologies Corp.	SV-T002	12.910	8
Battelle	TCN 04155/ TCN 05133	12.999	28
Biorobots LLC	N/A	12.999	118
Blackbird Technologies, Inc.	Project Order #1/ Project Order #2	12.630	467
Boeing Company	B41000/ FA8901-04-C-0012/ N/A	12.800	134
Boulder Nonlinear Systems	N/A	12.999	10
Brown University	Brown Univ 1374-2108	12.630	110
Caracal, Inc.	N/A	12.300	93
Carnegie Mellon University	119292-1140024/ 119449-1140024	12.300	117
Carnegie Mellon University	1040271-147995	12.999	68

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Defense (Continued)</b>			
Case Western Reserve University	N/A	12.800	\$ 32
Ceramatec, Inc.	3200	12.999	3
Ch2M Hill	6137/ 69478/ N/A	12.300	86
Chi Systems, Inc.	05023-001	12.114	36
Chi Systems, Inc.	06003-001/ N/A	12.999	109
Children's Hospital - Cincinnati	CHMC #433	12.420	124
Clemson University	499-202-2091790	12.300	4
Clemson University	96975582012005075	12.431	78
Coastal Environments, Inc.	NA	12.999	60
Colorado State University	G23131	12.300	51
Combustion Research & Flow Technology	2006-12	12.999	5
Computer Sciences Corporation	S1002409	12.910	2
Computer Sciences Corporation	S-8503-02	12.999	349
Concurrent Technologies Corporation	P.O.#041000092	12.114	14
Cornell University	482238003	12.431	13
Cubic Defense System	A44761	12.910	28
Custom Manufacturing	P13460	12.300	24
Custom Manufacturing	P11893	12.999	102
Duke University	DS788	12.999	138
Eagan Mcallister Associates	03383027	12.999	104
Earth Tech	04-32M-771.01/ F4162203C0019/ N/A/ O5PG-7329-RC11/ O5PG-7331-RC11/ O5PG-7522-RC11/ O5PG-7524-RC11	12.800	110
Eclipse Energy Systems	20040135	12.300	6
EG&G Technical Services, Inc.	P.O. A150200594	12.300	27
EIC Laboratories, Inc.	N/A	12.999	51
Electrodynamics Associates, Inc.	C01014.PUR/ C0502P1PUR/C0407P1PU	12.910	69
Engineering Systems	ESS06S005/TO001	12.999	10
Eoir Technologies, Inc.	G6003593	12.999	26
Exponent Environmental Group	EXP ENV GROUP S13-11	12.999	49
Fractal Systems, Inc.	N/A	12.910	6
Frontier Technology, Inc.	FTI-C48-05-207265-00/ FTI-K205-03-207090/ FTI-W9113M-04-207105	12.999	64
General Dynamics	S50042J	12.910	105
General Technical Services	05-1-157	12.999	39
Georgia Institute of Technology	E-18-677-G2	12.100	243
Georgia Institute of Technology	G33B45G1	12.300	5
Georgia Institute of Technology	G-41-Z93-G3	12.431	42
Georgia Institute of Technology	E-16-U81-G2	12.630	76
Georgia Institute of Technology	B12M06S9	12.910	20
H Lee Moffitt Cancer Center	2004-031	12.420	4
Harris Corporation	N/A	12.910	468
Hyper Tech Research, Inc.	40615MTH	12.300	93
Innovatek, Inc.	14168/ 14327	12.999	51
Institute for Clinical Research	N/A	12.999	3
Intelligent Automation, Inc.	3551/ 4051	12.910	65
Intelligent Automation, Inc.	499-1	12.999	42
International Technology Corp.	N/A	12.800	345
ITT Corporation	176815J	12.300	1
ITT Industries Advanced Engineering and Sciences	1400499/ 194855J	12.999	47
ITT Research Institute	2441112012KG	12.431	4
Jacobs Engineering Group	35-BH92-00-T04-002/ 35-CV58-OO-T05-0003/ N62474-01-D-6010/ OAKR-I04-0004	12.800	83
Junior Engineering Technical Society	N/A	12.431	31
Kent Optronics, Inc.	N/A	12.999	64
Laser Fare Advanced	25845/HD123/F2960103	12.910	49
Light Processing & Technology	W31P4Q-04-C-R157	12.910	98
Lockheed Martin Corporation	880703608/ 88MMZV772	12.910	23
Lockheed Martin Corporation	880711063	12.999	319
Malcolm Pirnie, Inc.	4418018/ 4659002,4659005	12.999	108
Mantech Systems Engineering	N0042105D0006/TO4	12.910	89
Marstel Day	N/A	12.800	1
Masterlink Corporatin	N/A	12.910	20
Meharry Medical College	DAMD17-99-1-9288	12.420	66
Micro Analysis & Design, Inc.	DAAD190120009	12.431	94
Micro Analysis & Design, Inc.	800503010	12.910	1
Micro Analysis & Design, Inc.	8005.041.48/ 8005.054.48/ 800505910/TO#59/ 800506510/0065/ 800506710/0067/ DAAD19-01-2-0009	12.999	711
Mississippi State University	060808-01090729-14/ 06808-01090729-14/ N62306-01-D-7110/0064/ N62306-01-D-7110-0067	12.630	128
Mississippi State University	060808-01090729-14	12.999	37
Montgomery Watson	D05-84692-OF/ F416-A0000-80369OF/ M-A0000-85350-OF/ N/A	12.800	54

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Defense (Continued)</b>			
MSE Technology Applications	06C730CR	12.999	\$ 14
Mtech Laboratories LLC	041201NHMFL	12.800	5
MWH Americas, Inc.	F416-A0000-80369OF	12.300	2
MWH Americas, Inc.	M-A0000-81045OF	12.800	29
Nace International	N000140210024	12.910	2
Nanomat, Inc.	N/A	12.999	26
New Era Technologies	NEW ERA TECHNOLOGIES	12.999	17
Newtec Services Group	N/A	12.910	118
North Carolina A & T State University	441194P	12.300	12
North Carolina State University	2001-0687-05	12.300	22
Northrop Grumman Corporation	PO 8200079751	12.630	54
Northrop Grumman Corporation	PO 8200083877	12.910	86
Northrop Grumman Corporation	F41624-02-D-7003	12.800	38
NVIS, Inc.	N00014-03-C-0474/ N6133904C0004	12.910	39
Optonet, Inc.	N/A	12.999	42
Pennsylvania State University	0275-SC-0145/ G011SA0146	12.300	149
Pennsylvania State University	DTRA0004.01/ S03-36 ITO DTRA0003/ S03-36, DTRA0006.01/ S03-36: DTRA0001/ S03- 36DTRA0005.01	12.999	262
Powerhouse Materials	001FFPUSF	12.902	6
Princeton University	00001185	12.800	25
Radiance Technologies, Inc.	05S-0921	12.431	23
Raytheon Company	Po# C51681	12.800	2
RMR Technologies LLC	N/A	12.420	12
Rockwell Scientific	B3U506471	12.300	76
Rutgers State University	Rutgers Univ S378364	12.999	118
Science Applications International Corp.	Science Applications	12.999	14
Science Applications International Corp.	Science Applications	12.999	17
Sciperio	N/A	12.431	21
Shaw Environmental, Inc.	N/A	12.800	43
Sonalyts, Inc.	05JMM0597	12.999	45
Southeast University Research Association	SURA-2004-105/ SURA-2005-203/ SURA-2006-303	12.999	59
SRI International	SRI 41-000744	12.999	61
Stealth Industries U. S. LLC	N/A	12.431	80
Stevens Institute of Technology	527826-10	12.999	103
Stillman Advanced Strategies LLC	W74V8H-05-P-0668	12.999	31
STS International, Inc.	HLSS-04/ HLSS-05	12.431	364
SVT Associates	69818101	12.910	8
SVT Associates	70319884	12.999	29
Sypris Electronics	30073	12.800	11
System Dynamics International	N/A/ UF03-01/2107-008	12.999	31
Taitech, Inc.	TS04-04-003/ TS05-03-001	12.999	34
TASC, Inc.	UKC22574MO04	12.910	263
Texas A & M University	N/A	12.800	10
The Timken Company	VAATE DO-3	12.800	60
Triad Research Corporation	N/A	12.999	90
TRW Corp.	4600014184	12.431	16
Tuskegee University	30 12420 037 62112	12.300	46
U. S. Civilian Research & Development Foundation	DTRA04-059/UFL-MORES	12.999	40
UES, Inc.	F33615-03-C-2348	12.800	9
UES, Inc.	S740000013	12.910	17
United Negro College Fund	NFSA 01-04	12.630	9
Universal Technology	05S530003702C4	12.910	20
Universal Technology	06-S530-0037-02-C6	12.999	10
University of Alabama	Univ of Alabama 03-0	12.800	51
University of Arizona	N/A/ Y702355	12.630	65
University of California - Los Angeles	UCLA 0160-G-AC859/ UCLA 0190-G-BC154	12.999	140
University of Colorado	SPO31608	12.300	32
University of Hawaii	AMENDMENT #1/ PO# Z708493	12.910	32
University of Miami	6-61525/ P768732/ P793774	12.300	125
University of Miami	661525	12.630	35
University of Missouri	C00005071-4	12.431	69
University of Missouri	00117141-1	12.999	65
University of Montana	PG-4853-01	12.300	341
University of Nevada - Las Vegas	05-655K-0000	12.431	7
University of New Hampshire	4897	12.300	213
University of North Carolina	3-11210-13/ 3-12110-09-A/ 3-12110-09-B/ 3- 12110-10/ 3-12110-12/ TO 3-12110-13-A	12.300	955
University of Southern Mississippi	USM-GRO1435-A10	12.300	22
University of Washington	150865	12.800	187
University of Wisconsin	020H425	12.630	57
University of Wisconsin	273G044	12.999	88
University of Wisconsin - Madison	273G055	12.550	130
Van Wagenen and Beavers, Inc.	N69272-02-D-0002	12.999	38
Vanderbilt University	18131-S2	12.800	135

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Department of Defense (Continued)</b>			
Vanderbilt University	17529-S1	12.999	\$ 298
Vesitech, Inc.	NA	12.999	117
Virginia Tech	CR-19030-430132	12.300	14
Virginia Tech	VPI CR-19300-430933	12.420	103
Vrsonic	N/A	12.999	53
Wake Forest University	Wake Forest Univ	12.800	162
Water & Air Research	GS-10F-0358N	12.999	54
Wayne State University	WSU04031	12.420	79
Weidlinger Associates, Inc.	NA	12.999	13
William and Mary College	UF3624/ UF3688	12.300	414
Wintec, Inc.	ARL1-UVF-46	12.300	122
Wintec, Inc.	ARL1-UVF-46, Task 003	12.999	23
Woolpert, Inc.	C-05-030 DO #0003/ N/A	12.999	26
Yobotics, Inc.	DAAE07-03-C-L070	12.630	63
Zaubertek, Inc.	N/A	12.901	3
Total - U. S. Department of Defense			\$ 14,413
<b>U. S. Department of Housing and Urban Development</b>			
City of Gainesville	N/A	14.999	42
City of Tallahassee	#1230/ 897	14.218	16
Miami Dade County Government	60122	14.218	202
Total - U. S. Department of Housing and Urban Development			\$ 260
<b>U. S. Department of the Interior</b>			
Alabama Department of Conservation	NA	15.231	13
American Assoc. for the Advancement of Science	N/A	15.999	23
Auburn University	05-EI-4211114-FSU	15.633	59
C & C Technologies, Inc.	N/A	15.999	2
Georgetown University	HCC-RX2050-849-03-C	15.608	29
Multiple Sponsors	N/A	15.999	6
Nature Conservancy	ALCO-10/01/05-01	15.634	19
Natureserve	FL-002-FY06/ FL-003-FY06/ FL-005-FY06	15.999	52
Northern Arizona University	ER135ER01	15.615	1
SRI International, Inc.	03-000226	15.999	79
Tampa Bay Estuary Program	PO 6334	15.810	22
University of Miami	H500000B494-J5297050174/ N/A	15.999	35
University of New Orleans	04-084-S1	15.808	4
University of San Diego	Univ of San Diego	15.999	2
Watereuse Foundation	WRF-04-012	15.504	34
Total - U. S. Department of the Interior			\$ 380
<b>U. S. Department of Justice</b>			
ABT Associates, Inc.	14480	16.560	10
Alachua County	00053067	16.999	20
Bay Area Legal Services	N/A	16.560	6
Broward Sheriffs Office	Q5018	16.548	83
City of Ocala - Substance Abuse Coordinator	345-50-883-521.80800	16.595	15
Eastern Kentucky University	EKU 05-389	16.560	19
George Washington University	03-S31	16.560	131
Harris Corp	6954203	16.999	26
Hillsborough County	3564	16.595	9
Hillsborough County Sheriffs Office	N/A	16.579	5
Illinois Criminal Justice Information Authority	ILLINOIS 02-02DB-BX 0017	16.579	21
Illinois Criminal Justice Information Authority	2004-DB-BX0043	16.580	15
Justice Research Center, Inc.	N/A	16.523	1
Key West Police Department	12PNFP506	16.999	1
Miami-Dade Juvenile Assessment Center	2002-RG-CX-0011	16.542	10
Orange County Sheriffs Office	N/A	16.712	11
Tampa Crossroads	N/A	16.579	5
Thurston Group	N/A	16.200	46
Urban Institute	07599-000-00-FSU-01	16.560	49
Total - U. S. Department of Justice			\$ 483
<b>U. S. Department of Labor</b>			
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.207	128
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.225	23
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.245	3

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Labor (Continued)</b>			
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04, BEST-09-05-001	17.258	\$ 342
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.259	321
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.260	154
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.801	30
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04	17.804	42
Baker County Board of Commissioners	N/A	17.258	14
Brevard Workforce Development Board	147-601	17.207	5
Florida Space Research Institute	PRIME AF-14536-05-60	17.261	81
Gulf Coast Workforce Development Board	06-WT-GC	17.207	25
Gulf Coast Workforce Development Board	06-WT-GC	17.225	25
Gulf Coast Workforce Development Board	06-WT-GC	17.245	8
Gulf Coast Workforce Development Board	06-A-GC	17.258	550
Gulf Coast Workforce Development Board	06-Y-GC	17.259	142
Gulf Coast Workforce Development Board	06-DW-GC	17.260	95
Gulf Coast Workforce Development Board	2005-PRA	17.261	62
Heartland Workforce Investment Board, Inc.	HWIB	17.259	225
Workforce Alliance, Inc.	WDB04-1280/ WDB04-1281	17.260	407
Workforce Escarosa, Inc.	WIA-05/06-01	17.207	12
Workforce Escarosa, Inc.	WIA-05/06-01	17.225	109
Workforce Escarosa, Inc.	WIA-05/06-01, WIA-05/06-02	17.258	469
Workforce Escarosa, Inc.	WIA-05/06-01, WIA-05/06-02	17.259	9
Workforce Escarosa, Inc.	WIA-05/06-01, WIA-05/06-02	17.260	52
Workforce Escarosa, Inc.	WIA-05/06-01	17.801	8
Workforce Escarosa, Inc.	WIA-05/06-01	17.804	7
Workforce Florida, Inc.	N/A	17.258	64
Workforce Florida, Inc.	FCWD 2006-06-212630;212430;212530	17.259	93
WorkNet Pinellas	N/A	17.207	95
WorkNet Pinellas	N/A	17.225	110
WorkNet Pinellas	N/A	17.258	138
WorkNet Pinellas	N/A	17.259	33
WorkNet Pinellas	N/A	17.260	569
Total - U. S. Department of Labor			<u>\$ 4,450</u>
<b>U. S. Department of State</b>			
American University	S-ECAPE-02-GR-130	19.419	23
Fulbright Commission	N/A	19.400	8
Institute of International Education, Inc.	87403136	19.408	11
Institute of International Education, Inc.	N/A	19.418	102
St. Louis University	S-ECAPES-04-GR-058	19.999	14
U. S. Civilian Research & Development Foundation	MP2-3043-CH-02	19.999	1
Virginia Tech	19300-425632	19.999	35
Total - U. S. Department of State			<u>\$ 194</u>
<b>U. S. Department of Transportation</b>			
BMI-SG	N/A	20.205	5
Broward County Metropolitan Planning	N/A	20.505	69
California Department of Transportation	65A019-021505-1	20.514	152
City of Huntsville - Alabama	N/A	20.507	13
City of Key West	PO 045970	20.514	1
Greenhorne & Omara, Inc.	Task Order 27/ WO 16/ Work Order#18	20.600	19
Hennepin Co Mn Community Works	A020089	20.512	75
Hillsborough Area Region Transit Authority	PO 91824/ PO No. 90928	20.205	58
Hillsborough County Metropolitan Planning	N/A	20.205	4
Kittelson & Associates	Project 4017.00	20.512	1
Louis Berger Group, Inc.	N/A	20.205	11
Miami Metro Planning Organization	N/A	20.205	53
Miami-Dade Transit Authority	WO 2004-2/ WO 2005-3/ WO 2006-2	20.205	57
Miami-Dade Transit Authority	WO 2006-1	20.505	19
Miami-Dade Transit Authority	2005-2/ 2005-5/ WO 2004-1/ WO 2005-4/ Work Order 2004-3	20.507	276
Miami-Dade Transit Authority	2004-5	20.512	22
Miami-Dade Transit Authority	2004-6	20.514	3
National Academy of Sciences	HR 01-42A	20.999	12
Palm Beach County Health District	Palm Beach County	20.600	11
Palm Beach County Transportation Authority	R2002 1598	20.505	2
Parsons Brinckerhoff Quade & Douglas	41106713201	20.205	11
Soil And Materials	PP47973	20.205	32
The National Academies	HR 20-65(002)	20.215	8
Tuskegee University	30 21530 044 62112	20.109	24
University of Tennessee	06-USF-R-S2/ DTRS-99-G-0004/ DTRS99-G-0004	20.514	94



**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Department of Transportation (Continued)</b>			
University of Tennessee	UF-99-E1	20.701	\$ 37
University of Tennessee	06-UF-R2	20.999	12
University of Wyoming	NTACDSC444401SUB	20.999	95
URS Group, Inc.	637747/ 650193	20.205	<u>19</u>
Total - U. S. Department of Transportation			<u>\$ 1,195</u>
<b>Library of Congress</b>			
Emory University	5-29915-C2	42.999	<u>13</u>
Total - Library of Congress			<u>\$ 13</u>
<b>National Aeronautics and Space Administration</b>			
Applied Sensor Research	N/A	43.002	20
Asrc Aerospace Corp.	N/A/ UCFFY04/LINES9_10/ UCHHY04/LINE13	43.002	232
Asrc Aerospace Corp.	N/A	43.999	5
BAE Systems	06S0007	43.999	26
Baylor College of Medicine	MA00211	43.999	11
Boeing Company	3K02107	43.001	77
California Institute of Technology	CA INST OF TECH 1240	43.001	18
California Institute of Technology	1274020/ 1278390/ CIT 1263514/ CIT 1264091/ CIT 1264148/ CIT 1264530	43.999	127
Chandra X-Ray Center	G04-5102B	43.999	
Dartmouth College	DARTMOUTH COLLEGE 5-	43.001	8
Dynamic Corporation	KSC011419	43.002	24
Dynamic Corporation	KSC0511063	43.999	17
EIC Laboratories, Inc.	EIC 50011	43.999	87
Florida Space Grant Consortium	16296041/ N/A/ UCF01-0000029716	43.002	28
George Mason University	600168	43.002	16
Georgia Institute of Technology	E-16-V14-G-2	43.001	263
Georgia Institute of Technology	G-35-C56-G2	43.999	51
Honeywell, Inc.	HW-001-2005 /5165016	43.999	169
Institute for Technology Development, Inc.	N/A	43.999	21
Jet Propulsion Laboratory	1271837/ 1277781	43.999	15
Lockheed Martin Corporation	SL30K6650K	43.001	2
Lockheed Martin Corporation	A42247	43.999	41
Michigan State University	Michigan State Univ	43.999	8
Micro Sensor, Inc.	N/A/ NNK04OA28C	43.002	113
Middle Tennessee State University	Middle Tenn State Univ	43.999	1
Ohio Aerospace Institute	400301	43.999	50
Oregon State University	NS033AA	43.001	36
Oregon State University	NS033A-05	43.002	188
Plasma Processes, Inc.	N/A	43.001	28
Purdue University	521-0077-03/ 521-0320-01	43.999	415
Rini Technologies	N/A	43.002	2
Roffers Ocean Fishing Forecasting Service	CHECK #: 8750	43.002	33
Society of Hispanic Professional Engineers	N/A	43.001	4
Space Telescope Science Institute	HST-GO-09479.01-A/ HST-GO-09871.02-A/ HST-GO-09873.01A/ HST-GO-10190.03-A/ HST-GO-10200.05-A/ STSI HST-AR-09927 01/ STSI HST-AR-09948 01/ STSI HST-GO-09719 01	43.999	86
Spacehab, Inc.	SFSSCD05019	43.002	15
United Space Alliance	P000035618	43.001	2
University of Colorado	UCB #154-0920/ UCB REF 154-1570	43.002	66
University of Maryland	Z644403	43.001	1
University of Maryland - Baltimore	Z690901	43.999	71
University of Miami	Univ of Miami	43.999	1
University of New Hampshire	NASA 05-593 UNH	43.002	5
Woods Hole Research	N/A	43.999	<u>3</u>
Total - National Aeronautics and Space Administration			<u>\$ 2,386</u>
<b>National Foundation on the Arts and the Humanities</b>			
Arts Midwest	N/A	45.024	18
Corporation For Public Boardcasting	1354 FY2006	45.164	119
Dance/USA	NA	45.999	8
Florida Humanities Council	0503-2963-1725/ 1104-3103-1793/ SO-21762-02	45.129	36
Florida Humanities Council	BH-50011-04/ N/A	45.999	12
Morikami	CONTRACT# 05-240	45.312	46
New England Foundation	NA	45.999	18
Tallahassee Museum of History & Natural	NA	45.999	18
University of Illinois	0411	45.999	<u>5</u>

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>National Foundation on the Arts and the Humanities (Continued)</b>			
Total - National Foundation on the Arts and the Humanities			\$ 280
<b>National Science Foundation</b>			
Aerodyne Research, Inc.	ARI-10385-1	47.999	4
Agiltron, Inc.	N/A	47.049	18
American Association of Community Colleges	AACC-NSF-0506	47.076	1
American Educational Research Foundation	NA	47.999	36
American Statistical Association	NA	47.999	1
Arizona State University	ARIZONA SC 19103M003	47.074	14
Arkansas State University	Allen 5-20320	47.041	29
Association for Institutional Research	03-201/SRS-0086139/4	47.075	1
Association of Universities for Res. in Astrology	AURA C10337A/ AURA C10463A	47.999	1,118
Auburn University	05-ENG-420981-UF	47.070	20
Big Horn Valve, Inc.	NSF0101	47.041	15
Boston University	N/A	47.070	43
Broadley - James Corporation	N/A	47.999	81
California Institute of Technology	42B-1072368/ CA INST TECH 1001933	47.049	239
Clemson University	805-7558-206-2004160	47.076	27
Columbia University	PHY-04-00596	47.049	90
Columbia University	554556	47.050	7
Convergent Engineering	SBIR/ PHASE 1	47.041	30
Cornell University Library	44276-7388	47.041	43
Duke University	4520417096	47.999	15
Duke University Medical Center	01-SC-NSF-1018	47.070	14
Embry Riddle Aeronautical	13626116001	47.049	14
Faraday Technology, Inc.	PO 3060	47.049	15
Florida Institute of Technology	PO032918	47.050	48
Florida Institute of Technology	341601	47.076	6
Georgia Southern University	P04028	47.076	8
Harvard University	133119-01	47.050	73
Institute for Genomic Research	TIGR-04-012	47.074	113
International Start Secretariat	N/A	47.999	1
Iowa State University	420-60-83	47.041	6
Iowa State University	DMR-0603644/ DMR-0603644-001	47.049	158
Johns Hopkins University	N/A	47.074	52
Joint Oceanographic Institutions	JSAU 6-05/ T.O. NUMBER: T306A19/ T303B28/ T306A33/ T308A33/ T310A19	47.050	97
Joint Oceanographic Institutions	JSAU507/ T306C28	47.999	4
Kansas State University	BS06033	47.070	11
Kirkwood Community College	DUE-0434405/ DUE-302885	47.076	3
Lehigh University & University of Miami - Ohio	N/A	47.074	48
Marquette University	23	47.070	48
Massachusetts General Hospital	N/A	47.049	307
Michigan State University	61-2076	47.076	31
Mississippi State University	038400 362411-01	47.079	96
Montana State University	G217-06-W0660	47.075	33
Montana State University	CS050023	47.999	27
Moore Nanotechnology Systems LLC	PO# 80-11175	47.041	70
National Center Atmospheric Research	S00 - 19986	47.050	3
National Science Foundation	CMS0409650/ ECS0348603/ HRD0451410	47.041	9
Neurodimension	NEURODIMENSION	47.041	112
New Span Opto - Technology Incorporated	N/A	47.041	18
New York University	19103M00381/ F5140-01/ F6109-01/ F6109-02/ NYU F5140-02	47.049	282
New York University	F 5865-01	47.070	18
Northern Arizona University	BIO325M-01	47.074	90
Northern Illinois University	54538	47.075	8
Northern Illinois University	64635	47.999	15
Northwestern University	0830 350 K224 488	47.070	31
Ohio State University	RF01045689	47.049	8
Ohio State University Research Foundation	744110	47.076	25
Ohio State University Research Foundation	RF01020619-60002999	47.999	19
Ohio University	UT-11332	47.049	43
Omega-P, Inc.	N/A	47.041	1
Pennsylvania State University	2535-UF-NSF-3279	47.049	25
Pennsylvania State University	PSU 2170-UF-NSF-5684	47.074	688
Princeton University	195-6423-5	47.050	9
Purdue University	501-0791-03	47.041	279
Purdue University	NSF PDUNIV 501082261	47.074	173
Rice University	R39864	47.079	6
Salisbury University	528071NCF	47.076	13
San Diego State University	E0003188	47.078	34
San Jose State University	NSF-03-558	47.076	13
Smith College	636475	47.079	46

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>National Science Foundation (Continued)</b>			
Sorbent Technologies	DMI 0349752	47.041	\$ 39
Stanford University	13485530-30428-A	47.050	49
State University of New York	SUNY 1033138-3-29040	47.050	4
Tennessee State University	179237	47.076	59
Texas A & M Research Foundation	N/A	47.041	34
Texas A & M Research Foundation	N/A	47.050	20
The Scripps Research Institute	5-75456	47.070	9
Tuskegee University	34-21530-038-62112/ SUBAG#3921530-049-66122	47.076	51
University of Akron	N/A	47.074	8
University of Arkansas	SA0408119	47.041	29
University of California - Davis	II-RR 014195-UFL	47.074	17
University of California - Irvine	2005-1529	47.074	20
University of California - Los Angeles	100 G GB151	47.049	161
University of California - San Diego	10225990	47.050	1
University of Chicago	5631.UNIVFL.01	47.999	125
University of Connecticut	4822	47.070	141
University of Connecticut	4583	47.074	21
University of Idaho	FBK492-04-A	47.999	18
University of Iowa	PO4000087323/ PO4000533940	47.049	8
University of Kentucky Research Foundation	3046936500-06-280	47.070	28
University of Kentucky Research Foundation	4-67262-04-183/ 4-67262-05-388	47.074	231
University of Memphis	Univ of Memphis	47.075	2
University of Memphis	5-34839 and 5-34515	47.999	13
University of Miami	66059H/ N/A	47.050	84
University of Michigan	F012351	47.041	11
University of Michigan	F015108	47.075	5
University of Minnesota	D1376066106	47.050	1
University of Minnesota	X4416249301	47.074	77
University of Missouri	001044-01	47.049	3
University of Montana	P0001755	47.999	30
University of Nebraska	NSF 25-1215-0001-005	47.074	281
University of Nebraska	25-0550-0001-003	47.078	39
University of Nebraska - Lincoln	0415421	47.049	39
University of Nevada	16BB154156	47.074	2
University of Nevada - Reno	15BB146376	47.041	3
University of North Carolina	UNC 020135-1	47.074	2
University of North Carolina	5-59052	47.999	46
University of North Carolina - Charlotte	2975-05-0520-FSU	47.070	8
University of Southern California	068834	47.076	265
University of Southern Mississippi	GR02399-D10	47.050	13
University of Tennessee - Knoxville	OR6177-001.01	47.049	22
University of Texas - Austin	UTA05-769	47.041	46
University of Texas - Austin	UTA#05-598	47.050	35
University of Vermont	HA66/17699	47.074	1
University of Virginia	GA10163-112933	47.070	133
University of Washington	138109	47.070	20
University of Wisconsin - Madison	CK#C 9171082	47.050	4
University of Wisconsin - Milwaukee	K057631	47.076	7
Universityersidad Metropolitana (UMET)	CK#: 20187867	47.050	7
Virginia Tech	CR-19300-477268/ CR-19300-477422	47.041	67
Washington University - St. Louis	ESI-0227619	47.076	99
Woods Hole Oceanographic Institution	A100458	47.041	12
Woods Hole Oceanographic Institution	A100455	47.050	14
Zyberwear, Inc.	N/A	47.041	1
Total - National Science Foundation			<u>\$ 7,548</u>
<b>U. S. Environmental Protection Agency</b>			
American Forestry Foudation Learning Tree	N/A	66.999	2
City of Miami	N/A	66.606	13
Emory University	5-26570-G-1	66.433	21
Fresh Ministries, Inc	PS-83161901	66.306	11
Gulf Coast Hazardous Substance Research Center	098UCF0743	66.500	1
Gulf of Mexico Foundation	2004	66.475	13
Hillsborough County Board of Commissioners	BL-97487803-0	66.818	170
Science Applications International Corp.	4400105430	66.500	34
Soil And Water Conservation Commission	SGA 104	66.480	30
Southwest Florida Regional Planning Council	N/A	66.456	7
St. Johns River Water Management	SI415RA	66.999	75
Tampa Bay Estuary Program	PO 6232/ PO 6324/ T-99-01	66.456	32
Texas Engineering Experiment Station	R-83023601-0	66.475	97
University of California	KK2125	66.500	28
University of Georgia	EPA DW-12-94591901-0	66.999	2

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Environmental Protection Agency (Continued)</b>			
University of Michigan	3000451195	66.500	\$ 86
University of Southern Mississippi	GR01079-C10	66.500	253
University of Southern Mississippi	USM-GR01081-A10	66.607	21
University of Southern Mississippi	USM-GR01079-E10	66.999	62
University of Washington	928200	66.509	34
Water Environment Research Foundation	Water Environment FE	66.999	10
Total - U. S. Environmental Protection Agency			\$ 1,002
<b>U. S. Department of Energy</b>			
Aerodyne Research, Inc.	ARI-10305-1	81.999	22
Argonne National Laboratory	5F-00430/ 5F-00497/ 6F-00037	81.999	237
Battelle	4000010069	81.087	22
Battelle	411444AU7	81.116	9
Battelle	00045671/ 00047554/ 00054968/ 4000006057/ 4000020512/ 4000028600/ 4000040123/ 4000042712	81.999	384
Battelle Memorial Institute	22651	81.999	14
Battelle Pacific Northwest Division	15403	81.999	503
Bechtel BWXT Idaho LLC	00044249	81.999	10
Bechtel BWXT Idaho LLC	00024953	81.999	42
Black Laboratories LLC	NA	81.999	46
Boise State University	132G106020-A	81.121	59
BP Solar International LLC	ZDO-2-30628-03-USF	81.087	39
BWX Technologies	4300028417	81.999	49
California Institute of Technology	65W-1075176	81.999	6
CDH Energy Corporation	N/A	81.087	4
Combustion Research & Flow Technology, Inc.	04-C-3452.002/C225	81.999	188
Consortium for Plant Biotechnology Resources, Inc.	GO12026-191/ GO12026-198	81.087	303
Consortium for Plant Biotechnology Resources, Inc.	G012026-161	81.999	1
FERMI National Accelerator Laboratory	511695/ 554581/ FERMILAB 510716/ FERMILAB 512191	81.049	716
FERMI National Accelerator Laboratory	564394/ 564958/ 567842/ Fermilab 557158	81.999	128
Florida Solar Energy Research Foundation	N/A	81.041	2
General Motors Company	TCS75068	81.087	94
Georgia Institute of Technology	E-256PO-SI	81.087	92
Howard University	DE-FC-02-02-EW15254	81.049	63
Howard University	633254-H010005/ 633254-H192518/ H010056	81.123	155
Jefferson Science Associates LLC	06-P0701	81.999	17
Lawrence Livermore National Laboratory	SOC0405	81.999	5
Los Alamos National Laboratory	15890-001-05	81.064	18
Midwest Research Institute	XAT-4-33624-15	81.049	15
Midwest Research Institute	NREL ADJ-2-30630-13/ XAM-5-55881-01/ ZAM-3-32246-02	81.999	62
National Renewable Energy Laboratory	NDJ-2-30630-18/ XXL54420508/ XXL-5-44205-10/ ZDJ33360002	81.087	580
North Carolina A & T State University	448661A	81.999	5
North Carolina State University	2002-1391-06	81.114	40
Nova Technologies	1043	81.116	1
Oakridge National Laboratory	4000016675	81.087	24
Pennsylvania State University	2678-UF-DOE-1874/ 2871-UF-DOE-1874/ Pennsylvania State U	81.089	64
Prairie View A & M University	N/A	81.123	18
Residential Energy	N/A	81.999	1
Rollins College	SUB#250317.2	81.087	25
Sandia National Laboratories	538254	81.049	5
Sandia National Laboratories	255127/ LH-1453	81.087	166
Sandia National Laboratories	N/A	81.117	10
Sandia National Laboratories	209675/ 233330/ 321282/ 341342/ 392061/ 523695/ 545016/ N/A/ Sandia Nat Lab 55566	81.999	162
Solar Rating and Certificate Corporation	Solar Reactor Tech	81.999	1
South Carolina Institute	0401SR114	81.089	3
Southeastern University Research Association	N/A	81.999	2
Sporian Microsystem	2004UCF200501	81.087	74
University of Alabama	03-047/ 04-055	81.049	228
University of Alabama	01-054/ 04-050	81.104	204
University of California - Livermore Lab	B548916	81.999	49
University of California - Los Alamos	98497-001-04 89	81.999	40
University of California - Los Alamos	98497-001-04 89	81.999	20
University of Chicago - Argonne Lab	4B-00161/ UNIV OF CH 4B-00241	81.999	40
University of Illinois	2003-07192-1-00	81.087	17
University of Mississippi	05-10-033	81.089	90
University of Missouri	C00003523-1	81.114	32
University of Nevada	NA	81.065	23
University of Nevada - Las Vegas	06-65AG-00	81.104	29

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Department of Energy (Continued)</b>			
University of Pittsburgh	401018-2	81.049	\$ 1
University of Rochester	NA	81.999	6
University of Utah	2204060	81.089	3
University of Washington	580049	81.049	9
Westinghouse Savannah River Co. Safety Mgmt	N/A	81.999	<u>27</u>
Total - U. S. Department of Energy			<u>\$ 5.304</u>
<b>U. S. Department of Education</b>			
Alachua County School Board	PO99395	84.133	16
American Institutes For Research	01595-USF121-B	84.332	88
American Psychological Association	NA	84.999	47
Association for Institutional Research	NA	84.999	70
Bay County School Board	NA	84.303	105
Broward County District School Board	2003/04-CR-WIA-2610-IBT/OJT	84.243	136
Center for Civic Education	CC 04-05/ Q929A040001	84.999	65
Children's Forum, Inc.	N/A/ S349A050126	84.349	61
Children's Services Council	MOA#05-478	84.359	54
Clemson University	733-7558-210-2093861	84.116	14
Concurrent Technology Corp.	P116Z030111	84.116	166
Daemen College	P116J040052	84.116	13
DTI Associates, Inc.	NA	84.305	123
Duval County Public Schools	P334A020187/ P334A990090-04	84.334	76
Educational Testing Service	S283A50007-USF	84.283	56
Escambia County School Board	PO #281390	84.357	205
Flagler County District School Board	180-1516A-6CR01	84.048	43
Florida Assoc. For Career & Tech. Educ.	194-1525A-5PL03	84.048	37
Gallaudet University	N/A	84.999	20
Georgetown University	GU RX4285-842-UFL	84.999	39
Hampshire College	P116B020007	84.116	6
Hillsborough County District School Board	290-1916A-6CG03	84.002	105
Hillsborough County District School Board	N/A	84.350	7
Iowa State University	432-27-03/ ISU 432-27-10	84.116	13
Jefferson County School Board	U351D030179	84.999	207
Lake County School Board	350-1576A6CT01	84.243	10
League for Innovation CC Consortium	V051B0200001	84.051	39
Learning Point Associates	LPA 050080	84.999	33
Lehigh University	Lehigh Univ 540091	84.324	12
Leon County School Board	NA	84.215	4
National Board of Professional Teaching Standards	NA	84.999	103
National Center for Education Information	102405	84.215	8
National Writing Project Corporation	05FL09	84.302	26
National Writing Project Corporation	99-FL05	84.369	24
National Writing Project Corporation	04-FL08/ N/A	84.928	66
New England Conservatory	CONTRACT #06-188	84.116	10
Nova Southeastern University	068-2993B-5R0001/ 332017/ 332018	84.361	46
Okaloosa County District School Board	460-2983B-5CD02	84.282	176
Orange County School District	480-2246A-6CT01	84.367	11
Oregon Health and Sciences University	GCDRC0139A B	84.133	11
Palm Beach Community College	PO 2006 0000 2076/ PO# 2006 00000051	84.195	57
Palm Beach Community College	PO 2005 00000058	84.367	2
Panhandle Area Educational Consortium	7619148	84.184	131
Pennsylvania College of Optometry	57201	84.325	62
Pinellas County School Board	520-2983B-6CC03	84.282	93
Pinellas County School Board	NA	84.318	591
Polaris Joint Vocational School District	Y5-MD0203	84.303	1
Polk County District School Board	530-2983B-62204	84.282	200
Probationers Educational Growth, Inc.	514-1916A-6PF01	84.002	75
Public Broadcasting Service	NA/ P295A00002	84.295	21
Putnam County School Board	750-06-013-7506	84.027	32
Putnam County School Board	733-06-011	84.367	55
Reading First Teacher Education Network	N/A	84.349	5
RMC Research Corp.	NA	84.283	225
RMC Research Corp.	NA	84.999	1,651
Saint Thomas University	N/A	84.031	341
San Diego State University Foundation	SDSU 52244D P1185	84.116	2
Santa Rosa County School Board	PO #664547	84.357	16
School District of Palm Beach County	N/A	84.010	106
Stevens Institute of Technology	527226-04	84.342	26
Tufts Health Care Ins.	Tufts Health Care Ins	84.999	12
University of Arizona	PO Y413737	84.116	4

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Education (Continued)</b>			
University of California - Davis	K012843-01	84.116	\$ 5
University of California - San Diego	P.O. 10217765/ PO 10242925	84.305	101
University of Central Arkansas	N/A	84.116	23
University of Colorado	PO 45235	84.325	11
University of Georgia	N/A	84.116	4
University of Hawaii	S-LMAQM-03-H-0121/PO	84.116	128
University of Missouri	C000005833	84.327	37
University of Oregon	No. 222471A	84.324	236
University of Oregon	222841A/ Univ of Oregon 22284	84.326	129
University of South Carolina	ADMIN FUNDING/ SUB AWARD# 550341-02-FAU	84.116	13
University of Southern California	P337A020009	84.337	10
University of Tennessee	H324A010003-02	84.324	41
University of Washington	963270/ T202337	84.325	114
Various Sources	PGI for RRTC	84.133	1
Virginia Tech	Va Polytechnic Ins	84.116	18
Volusia County District School Board	640-1576A-6CT01	84.243	27
Western Consortium	RRTCILM-6	84.999	15
Total - U. S. Department of Education			\$ 6,972
<b>U. S. Department of Health and Human Services</b>			
ABT Associates	12659	93.575	13
Advocates For Human Potential	N/A	93.959	18
Agency For Community Treatment Services	N/A	93.243	66
Agency For Workforce Innovation	SR936-HIPPY	93.558	939
Alachua/Bradford Regional Workforce Board	L-COMP-01-04, Renewal 1 L-COMP-03-04, BEST-09-05-001	93.558	1,579
Albert Einstein College of Medicine Yeshiva Univ.	Albert Einstein 9526	93.001	43
Albert Einstein College of Medicine Yeshiva Univ.	9-526-5630	93.866	10
Alisos Institute	n/a	93.150	2
All Children's Hospital	ACH PCRC PDA 3/ ACH PCRC PDA 3000/ ACH PCRC PGP 4003/ ACH PCRC PGP 4005/ ACH PCRC PGP 4008/ ACH PCRC PGP 4015/ ACH PCRC PGP 4017	93.110	172
All Children's Research Institute	6 R60 MC 0003 01 R1/ ACH PCRC PDA 2000/ ACH PCRC PGP 4001/ ACH PCRC PGP 4002/ ACH PCRC PGP 4006/ ACH PCRC PGP 4007/ ACH PCRC PGP 4009/ ACH PCRC PGP 4010/ ACH PCRC PGP 4011/ ACH PCRC PGP 4013/ ACH PCRC PGP 4015/ ACH PCRC PGP 4018/ ACH PCRC PGP 4019/ ACH P	93.110	581
All Children's Research Institute	ACRI MOA	93.283	28
Alpha One Foundation	N/A	93.838	15
Ambulatory Pediatric	N/A	93.999	3
Amer Nurses Association	N/A	93.999	5
American College of Obgyn	27469-96	93.395	27
American College of Radiology	U10 CA21661	93.395	101
American College of Radiology	N/A/ RTOG 0420/ RTOG H-0129	93.999	8
American Institutes For Research	Project No 02054.001	93.104	5
American Institutes For Research	SC-03-1210050-13	93.230	13
American Institutes For Research	00101-02054-001/ 00143-02054-001	93.243	3
American Institutes For Research	00015-1888.001	93.279	37
American Institutes For Research	SG-03-1830.001-02	93.865	26
American International Health Alliance	UCAREG04PUMEINIT/ UCAREG04P-UME-INIT04	93.189	114
Anteon Corporation	OPM-SC-0004	93.243	20
Area Agency on Aging	AGREEM# 1A 005-19/ IA 006-19	93.052	16
Area Agency on Aging for SW Florida, Inc.	OAA 333.06/HM004	93.052	29
Area Agency on Aging for SW Florida, Inc.	OAA 333.06/HM004	93.052	29
Arizona State University	03-069/P.O.-SC19103M/ 06-697	93.242	30
Association For Prevention Teaching And Research	TS-0308/ TS-0723/ TS-0823	93.283	233
Association of State & Territorial Health Officials	NA	93.999	4
Association of American Medical Colleges	MM-0842-05/05/ MM-0942-06/06/ U36/CCU319276	93.283	76
Association of Schools of Public Health	T3286-22/22	93.004	2
Association of Schools of Public Health	S3591-24/24	93.189	27
Association of Schools of Public Health	A1014-21/22/ S1676-21/23/ S3026-23/24/ S3583-24/24/ T3285-22/22/ U90/CCU424263	93.283	1,646
Association of Teachers of Preventive Medicine	T-17/17-STP04-003/ TS-1339	93.283	113
AXIO Research Corporation	AXIO 500-19	93.999	2
Baylor College of Medicine	4600463774	93.848	63

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Health and Human Services (Continued)</b>			
Baylor College of Medicine	20464-UF/ 4600596124	93.849	\$ 85
Baylor University	4600497739	93.389	99
Baylor University	Baylor U 4600596124	93.849	20
Beth Israel Medical Center	1 R01 CA100029-03	93.399	46
Big Bend Community Based Care	NA	93.556	51
Boston Medical Center	0216502	93.856	31
Brigham Women's Hospital	R01 HL075478	93.838	15
Broward County Board of County Commissioners	04-HIP-8506-1	93.151	87
Broward County Board of County Commissioners	05SAHC8346RW	93.917	6,368
Brown County Human Services Department	N/A	93.658	42
California Pacific Medical Center	2803190 01	93.999	16
Camillus House, Inc.	579924600/ N/A	93.243	35
Center to Protect Workers Rights	03-9-PS	93.283	7
Center To Protect Workers Rights	1U54OH008307-02	93.955	2
Central FL Area Health	N/A	93.824	34
Central Florida Area Health Education Center	N/A	93.999	2
Central State University	FCVP0209142	93.671	6
Charlotte Alliance for a Safe & Drug Free	NA	93.999	18
Child Abuse Council, Inc.	N/A	93.778	37
Children's Home Society	NA	93.652	77
Children's Hosp New Orleans Res For Child	N/A	93.172	22
Children's Hospital - Philadelphia	20613-03-02/ 20613-04-02	93.394	19
Children's Hospital And Regional Medical	USF/CFTDN-01	93.333	87
Children's Hospital of Pittsburgh	5 U01 HD42444-04	93.865	396
Children's Oncology Group	NCCF 11459	93.394	9
Children's Research Institute	ACH PCRC PGP 4020	93.110	22
Children's Research Institute	02-118	93.853	17
Children's Services Council - Broward County	05-4105/ 06-4105	93.243	230
Chiles (Lawton) Foundation	N/A	93.999	35
City of Jacksonville	N/A	93.914	1,303
Cohen & Associates	ACDC-S-01	93.999	64
Collagen Matrix	R01HD41747	93.865	11
Columbia University	540353/ Columbia Univ 540353	93.172	963
Columbia University	1	93.865	121
Community Based Care of Volusia	D12-05-USF-TRN	93.658	175
Cornell University	P240762	93.279	11
Council of Graduate Schools	NA	93.999	9
Creatv Micro Tech	N/A	93.286	31
Creatv Micro Tech	N/A	93.856	28
Dartmouth College	5-30676.573	93.242	11
Directions For Mental Health	5U79SM54314	93.243	6
Doctors Memorial Hospital	N/A	93.226	
Duke University	Duke University 1169	93.103	3
Duke University	SPS #130071/ SPS #137507	93.856	625
Duke University	Dule Univ Site #302/ STICH-5000	93.999	129
Duke University Medical Center	05-SC-NIH-1054	93.273	51
Duke University Medical Center	132944 FC 303 3346	93.395	7
Duke University Medical Center	06-SC-NIH-1015	93.866	57
Duke University Medical Center	5R01 EY15559-03	93.867	44
Early Learning Coalition of Pinellas County	SR04-24	93.577	4
East Carolina University	N/A	93.283	31
Eastern Cooperative Oncology Group	N/A	93.999	10
Eastern Virginia Medical	N/A	93.865	76
EIC Laboratories, Inc.	N/A	93.999	4
Emmes Corp.	N/A	93.999	77
Emory University	N/A	93.859	15
Emory University	N/A	93.865	11
Emory University	N/A	93.999	35
Everglades Area Health Education Center	03-260/ 03-261/ 03-277/ EAHEC/ N/A	93.107	68
Everglades Area Health Education Center	N/A	93.189	2
First Step of Sarasota, Inc.	N/A	93.243	44
FL Alzheimers Center & Research Institute	2004A10302	93.999	168
FL Developmental Disabilities Council, Inc.	574CD04B/ 592EM05/ 600HC05B/ 603HC05/ 611CD05C/ 621HC06/ FDDC 519HC03A/ FDDC 537HC04A/ FDDC 543EM04A/ FDDC 547HC03C/ FDDC 560HC04B	93.630	265
Florida Medical Quality Assurance	NA	93.999	83
George Washington University	05-B13/ 05-E06/ George Wash. 04-E06/ GWU T2K0506/ T2K0506	93.847	575
George Washington University	23301-2-CCLS20127A	93.999	8
Greater Flint Health Coalition	U19MC03180-01-00	93.926	14
Gulf Coast Workforce Development Board	06-WT-GC	93.558	151
H. Lee Moffitt Cancer Center	N/A	93.389	3
H. Lee Moffitt Cancer Center	N/A	93.393	17
H. Lee Moffitt Cancer Center	N/A	93.397	42

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Health and Human Services (Continued)</b>			
Hemophilia of Georgia	U27/CCU413118-09	93.153	\$ 2
Hemophilia of Georgia	5 H30 MC00011-15/ 5H76 HA00088-14-00/ 5H76HA00088-12/ MC00011-16	93.914	186
Hillsborough County	04-0297, 04-1250	93.914	309
Hillsborough County Board of County Commissioners	DPHS06252035/DPHS06232047	93.910	104
Hillsborough County Board of County Commissioners	2 H89 HA00024-13-00/ 2 H89HA00024-14-00	93.914	2,017
Hillsborough Kids, Inc.	HKID37	93.658	75
Hippy USA	SR935	93.658	80
Hospital for Joint Diseases	UF 3623-02	93.999	48
Indiana University	39402-0165	93.838	9
Indiana University	39506-0243	93.999	57
Informed Families	NA	93.999	104
Innovia LLC	N/A	93.837	32
Invivo Corporation	N/A	93.999	5
Iowa State University	ISU 430-46-03	93.848	127
Jackson Memorial Hospital	N/A	93.243	84
Jacksonville Children's Commission	90LO0182	93.577	73
Jewish Family & Community Services	2006-GR-001	93.917	9
Johns Hopkins University	N/A	93.185	49
Johns Hopkins University	290-01-0012	93.226	63
Johns Hopkins University	8508-28131-X	93.395	12
Johns Hopkins University	JHU 8410-69542-X	93.838	1,307
Johns Hopkins University	8503-92703-3	93.846	41
Johns Hopkins University	8403-23589-1/ 8403-23589-X/ 8603-66661-X	93.848	108
Johns Hopkins University	8502-89542-1	93.849	1
Johns Hopkins University	PO #8402-13099-4	93.866	28
Johns Hopkins University	7823;96248;14268/ U01EY014660-02	93.867	147
Joint Commission on Accreditation	N/A	93.226	
Justice Resource Institute	Ck No 138795	93.243	15
Kaiser Permanente Center For Health Research	03CGree-01-02	93.242	24
Keele University	384/00 5113 5972	93.999	125
Kids Central, Inc.	Kids Central Inc PJ3/ Kids Central PJ304	93.556	166
Lake County Board of County Commissioners	N/A	93.252	121
Lakeview Center - Baptist Health Care	06-1601	93.658	79
Lee County District School Board	N/A	93.600	22
Leon/Gadsden School Readiness Coalition	NA	93.575	11
Leon/Gadsden School Readiness Coalition	NA	93.577	26
Life Sciences, Inc.	5-R43-AI-060321-02/ N/A	93.999	144
Lifquest Organ Recovery Service	N/A	93.134	16
Louisiana State University	PRIME:RO3 NEI-EYO15272-01A1	93.867	27
Macro International	280-05-0135/ 35126-3S-545	93.104	184
Macro International	35049-0S-275	93.125	45
Macro International	35126-4S-626	93.243	44
Manila Consulting Group, Inc.	DHHS 277-04-6099/ n/a	93.243	31
Manila Consulting Group, Inc.	277-04-6099	93.999	1
Massachusetts General Hospital	N/A	93.859	500
Mayo Clinic	Mayo Clinic	93.999	58
Mayo Clinic Jacksonville	R21-DA018106-02	93.279	6
Medical College of Georgia	03-8692A2/ Med College of GA/ Medical Coll. of GA	93.847	110
Medical College of Georgia	05-10659A/ 05-10659A1	93.865	64
Medical College of Virginia	520283/PO P617277/ MCV 524348/PO 955293	93.853	69
Medical University of South Carolina	MM-0266-0303	93.283	97
Medical University of South Carolina	APHPA002040/ APHPA002071	93.995	50
Mental Health Care, Inc.	H79 T116630-01	93.243	28
Metabolic Solutions	Metabolic Solutions	93.999	57
Mid-Florida Center	N/A	93.940	1
Minority Health Professions Foundation	U50-ATU398948-09/ U50-ATU473408-01/ U50-ATU473408-02	93.283	320
Montefiore Medical Center	Montefiore Medical Center	93.113	18
Nanopharma Technologies, Inc.	N/A	93.856	21
Nanotherapeutics	Nanotherapeutics	93.999	11
National Childhood Cancer Foundation	14666/ Natl Childhood Cancer/ Natl Childhood Cancer/ NCCF 13850/ U10 CA98543-02	93.395	1,595
National Childhood Cancer Foundation	14374	93.399	35
National Childhood Cancer Foundation	Natl Childhood Cancer/ NCCF 11165	93.999	68
National Collegiate Athletic Association	80-8101/ NYSFP 03-243	93.570	67
National Development & Research Institute	U01 DA016201	93.279	59
National Marrow Donor Program	13712	93.839	1
National Youth Sport	NYSPPF041030	93.570	5
New York Blood Center	61012117	93.999	34
North Broward Hospital District	BW420	93.918	216
Northeast Florida Healthy Start Coalition, Inc.	1-H79-SP10223-01	93.230	7
Northeast Florida Healthy Start Coalition, Inc.	H49MC00051-03/ H49MC0051-05-00	93.926	98
Northern Illinois University	Northern Illinois Univ	93.242	173



**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Health and Human Services (Continued)</b>			
Nova Southeastern University	2D39 HP00029-13/ 5D39 HP00029-12/ N/A/ Nova Southeastern Un	93.189	\$ 239
Nova Southeastern University	TOIHP06411	93.996	42
Orange County Government	Y4-118G/Y6-1881	93.914	543
Orange County Health	OA710	93.006	127
Oregon Center for Applied Science	NA	93.173	18
Orlando Reginal Healthcare System, Inc.	6 H76HA00741-01-03/ 6 H76HA00741-05-00	93.918	122
Ounce of Prevention	HF-04-05-7/ HF-05-06-7/ PE-04-05-7	93.558	676
Palm Beach County Board of County Commissioners	Rr-2006-0625	93.914	1,478
Palm Beach County Health District	Palm Beach County	93.962	18
Parkinsons Disease Foundation	M771686	93.999	6
Partnership For Strong Families	PNP415	93.999	38
Pennsylvania State University	Pennsylvania State Univ	93.286	162
Pennsylvania State University	3057-USF-DHHS-1542	93.865	25
Planning Systems, Inc.	12494	93.286	43
Prevention Partnership for Children, Inc.	05-P134	93.926	64
Public Health Trust Miami-Dade	Public Hlth Trust Miami-Dade	93.252	2
Rand Corp.	9920050015/ Rand Corp 9920050014	93.999	93
Rensselaer Polytechnic Institute	A11618	93.395	78
Research Foundation of The State	02-19	93.865	161
Rockefeller University	NA	93.999	13
Rutgers State University	S553590	93.866	1
Rutgers University	1896	93.866	10
Saneron Ccel Therapeutics	R41 NS046878-01/ R43 NS50065-01	93.853	8
Sarasota County Government	Contract No 2006-235	93.104	37
Sarasota Family YMCA, Inc.	N/A	93.658	148
School District of Palm Beach County	PO# B-606077	93.600	10
Senior Solutions of Southwest Florida	OAA 333.05	93.052	33
Sepulveda Research Corporation	Sepulveda Res. Corp	93.226	70
Sepulveda Research Corporation	DOB-FSU5-2	93.999	77
Sloan-Kettering Cancer Center	1 R01 CA107096-01A1/ Sloan-Kettering Canc	93.999	39
Social & Scientific	PACTG.25.P381.01/ SSS CPCR2 23 11	93.856	74
Somatocor, Inc.	Somatocor Inc	93.999	207
South Florida Workforce Board	WDS-TS-PY'05-02-00	93.558	151
Southwest Florida Addiction Services	N/A	93.243	44
St. Olaf College	5 R01 NS040883	93.853	4
Stanford University	28615-B	93.395	114
State University of New York	1050169	93.286	22
Sun Nuclear Corp.	Sun Nuclear Corporat	93.999	32
Supercon, Inc.	S-20734/ S-21204	93.395	50
Syracuse University	SU353-3436	93.859	6
Texas A & M Research Foundation	N/A	93.121	14
The Children's Place at Home Safe	N/A	93.658	33
The Riddle Institute	Riddle	93.242	70
The Wistar Institute	23681-03-307 PROJ 3	93.839	271
Transgenex Nanobiotech, Inc.	TGN-HL076964-01	93.838	36
Treatment Research Institute	USF20346-01	93.279	39
U. S. Civilian Research & Development Foundation	UKC22574MO04	93.390	10
Unigene Laboratories, Inc.	1 R43DK06381201	93.847	1
University of Alabama	/ N/A	93.121	415
University of Alabama	T0503300017/ T0605230027	93.394	17
University of Alabama	139452/T501140021	93.865	7
University of Alabama - Birmingham	270863/T0602130031	93.153	144
University of Alabama - Birmingham	N/A	93.837	2
University of Alabama - Birmingham	N/A	93.849	7
University of Alabama - Birmingham	T0506010028	93.853	35
University of Alabama - Birmingham	5 U01 HD40533-06	93.865	103
University of Alabama - Birmingham	1 R21 TW06703-01	93.989	6
University of Calgary	NA	93.865	10
University of California	00089	93.173	47
University of California - Berkeley	SA4337-29613PG	93.242	28
University of California - Davis	98CT2052-UF	93.853	14
University of California - Davis	Univ of Cal 00RA5027	93.859	37
University of California - Los Angeles	Univ of Cal 2000 G D	93.242	23
University of California - Los Angeles	0980 G GH894	93.853	172
University of California - Los Angeles	1557 G FF091	93.866	14
University of California - San Diego	Univ of Cal 1020775	93.837	3
University of California - San Diego	10244455	93.859	72
University of California - San Diego	10213659-002	93.866	38
University of California - San Francisco	N/A	93.867	108
University of Cincinnati	P021-040-N151-1105/ P808	93.853	91
University of Colorado	N/A	93.172	4
University of Colorado	ST 63063265/ Univ of Col FY01.08	93.242	64
University of Denver	SC 35877-01-00	93.242	17
University of Hawaii	N/A	93.104	13

**NOTE 4. PASS-THROUGH AWARDS (continued)**

Pass-Through Grantor Name	Pass-Through Grantor Number	CFDA Number	2005-2006 Expenditures (in thousands)
<b>U. S. Department of Health and Human Services (Continued)</b>			
University of Illinois	2005368901JH	93.859	\$ 31
University of Illinois	02-127	93.865	1
University of Illinois At Chicago	90YD0119/01	93.600	15
University of Illinois At Urbana - Champaign	2003-03051-5	93.600	81
University of Iowa	4000510997	93.242	32
University of Kansas	Univ of Kansas	93.999	31
University of Kentucky	30465239-06-128	93.121	25
University of Kentucky	UKRF47581-05-315	93.239	3
University of Kentucky	UKRF304654930005-202	93.866	18
University of Kentucky Research Foundation	3046947400-06-326	93.239	4
University of Kentucky Research Foundation	4-72363-05-071/ UKRF 4-72363-05-071	93.279	100
University of Kentucky Research Foundation	3046947800-06-368	93.670	4
University of Louisville	Univ Louisville 04-	93.121	177
University of Louisville	05-0444	93.853	93
University of Maryland	Z 182802	93.242	81
University of Maryland	PO# S02134	93.853	10
University of Maryland - Baltimore	S01693	93.999	9
University of Memphis	1-R21-DE016131-01A1	93.121	22
University of Memphis	OR3643-002.01	93.279	16
University of Miami	M774869	93.121	40
University of Miami	5R01MH063042-05	93.242	20
University of Miami	660198	93.286	128
University of Miami	Univ of Miami M75227	93.395	100
University of Miami	H-662623/ U01-DK-061041-04	93.847	45
University of Miami	5U01NS046295-02/ M792857/ N/A/ U01-NSO46295-01	93.853	131
University of Miami	2 R25 GM050083-04	93.859	23
University of Miami	660151/ 66076G/ 66178X	93.866	171
University of Miami	5P30ES005705-13/ N/A/ P50E12736/ P50ES12736-02	93.894	135
University of Miami	66061E/ 66158L	93.959	79
University of Miami	N/A	93.969	2
University of Michigan	Univ of Michigan F00	93.279	5
University of Michigan	Univ of Mich F011871	93.396	11
University of Michigan	F012543/ PO 3000462554	93.866	30
University of Michigan	Univ of Michigan 300	93.999	4
University of Minnesota	M6426130102	93.173	26
University of Minnesota	S6636395103/ S6636395105	93.273	133
University of Minnesota	B6376363109/ B6376363110	93.286	40
University of Minnesota	M6306102201	93.837	244
University of Minnesota	Q6437111154	93.847	1
University of Missouri	CG004726-3	93.399	59
University of Nebraska	34-0925-2001-005/ Univ of Nebraska	93.121	90
University of New Mexico	3R29H	93.394	73
University of North Carolina	UNC 5-33845	93.121	141
University of North Carolina	Univ N Carolina 5-3	93.839	3
University of North Carolina	UNC5-31813	93.859	24
University of North Carolina	W507982	93.999	6
University of North Texas	71004-2006-01/ 71053-2005-001/ Univ N Texas	93.853	44
University of North Texas	71053-2		
University of North Texas	71009-2006-01/ 71079-2006-001/ 71084-2005-001/ Univ. N. Texas/ UNT 71087-2005-001	93.866	446
University of Pennsylvania	544155	93.233	43
University of Pennsylvania	5-45398/ Univ of Penn 535592/ Univ of Penn	93.846	147
University of Pennsylvania	536548		
University of Pennsylvania	5-42713-A	93.866	20
University of Pennsylvania	4-U10-EY12279-06	93.867	41
University of Pittsburgh	108313-4	93.846	38
University of Pittsburgh	1105615	93.856	176
University of Pittsburgh	U01 HD042444	93.865	1
University of Pittsburgh	Univ of Pittsburgh	93.999	120
University of Rochester	UR# 5-28971	93.242	58
University of Rochester	P.O. 412885-G/ P.O. 413335-G	93.342	22
University of Rochester	412852-G/ 413016-G	93.853	330
University of Rochester	413153-G	93.856	27
University of South Carolina	CA098152-001	93.395	8
University of South Carolina	PO#323891	93.938	12
University of Southern California	U61/CCU922095-02-2	93.941	5
University of Texas	SUB AWARD #0004387	93.279	15
University of Texas	0004977(A)/ SUBAWARD# 0004977 (B)	93.853	48
University of Texas	Univ of Texas	93.855	13
University of Texas - Austin	UTA03-097	93.865	31
University of Texas - Houston	0005125A	93.865	11
University of Texas - Southwestern	Univ Texas GMO-01010	93.855	66
University of Utah	R21 AT001938	93.213	24

**NOTE 4. PASS-THROUGH AWARDS (continued)**

<b>Pass-Through Grantor Name</b>	<b>Pass-Through Grantor Number</b>	<b>CFDA Number</b>	<b>2005-2006 Expenditures (in thousands)</b>
<b>U. S. Department of Health and Human Services (Continued)</b>			
University of Utah	Utah 2305014-03	93.853	\$ 11
University of Virginia	GC10988.119468	93.859	283
University of Washington	137319/ 882080/ Univ of Wash 873747	93.121	149
Utah State University	03-4205041	93.110	18
Vanderbilt University	16997-S1	93.865	22
Vanderbilt University Medical Center	5R01CA092447	93.393	18
Virtual Brands	Virtual Brands	93.999	16
Wake Forest University	06-001/ Wake Forest N01-AG-9	93.837	29
Wake Forest University	N/A/ N01-WH-4-4221	93.999	103
Washington University	29081Q WU-04-236/ 29834E	93.394	506
Washington University	WU-04-154	93.395	9
Wayne State University	WSU04060	93.999	27
West Central FL Area Agency On Aging	2005 OA A/ 2006 OA A	93.052	80
Westat, Inc.	8062-S018/ Westat Coporation/ Westat Inc	93.145	2,207
Westat, Inc.	N/A	93.283	36
Westat, Inc.	N/A	93.865	183
Workforce Development Board of Flagler & Volusia Co	N/A	93.243	5
Workforce Development Board of the Treasure Coast	04-007-WTTools-04-IRCC	93.558	64
Workforce Escarosa, Inc.	WT-05/06-01,WIA-05/06-01,WIA-05/06-02	93.558	978
WorkNet Pinellas	N/A	93.558	744
Yale University	A06113	93.853	33
Total - U. S. Department of Health and Human Services			<u>\$ 46,125</u>
<b>U. S. Corporation for National and Community Service</b>			
American Association of CC - Minnesota Campus	N/A	94.007	5
Bethune-Cookman College	04AC045084	94.006	11
C C National Center for Comm. Engagement	N/A	94.005	17
C C National Center for Comm. Engagement	N/A	94.005	22
Hippy USA	n/a	94.006	69
Jumpstart	CFDA-94.006-JS/ CFDA-94.006JSSITE30	94.006	90
Minnesota Campus Comm.	N/A	94.007	4
University of Maryland	02ADNMD0100501	94.006	110
University of Minnesota	Minnesota Campus	94.007	2
Total - U. S. Corporation for National and Community Service			<u>\$ 330</u>
<b>U. S. Department of Homeland Security</b>			
Bay County Sheriffs Office	05-CJ-L2-01-13-23-054	97.004	7
City of Tampa	N/A	97.067	6
Ion Metrics, Inc.	HSHQDC-05-C-0004-UF	97.999	87
Orange County Sheriffs Office	05-DS-2N-06-58-01-244	97.004	51
Total - U. S. Department of Homeland Security			<u>\$ 151</u>
<b>U. S. Agency for International Development</b>			
Chemonics International, Inc.	N/A	98.011	268
Eurasia Foundation	N/A	98.999	4
Family Health International	N/A	98.999	199
Georgetown University	FCCJRX205084602C;FCCJRX205085204B	98.999	499
Institute of International Education	512-A-00-03-00026-00	98.999	61
International Institute of Tropical Agriculture	N/A	98.999	13
Kapiolani Community College	690-A-00-04-00237-00	98.012	10
National Academy of Sciences	PGA-7251-05-006	98.999	3
National Association of Reg Util Comm	Natl Assn of Regul	98.999	14
Nature Conservancy	CMP-BAHMAR-1/ CMP-PIPSAG-03	98.012	25
University of Georgia	RC710-013/3582647/ RD309-022/4092124/ RD309-022/4092174	98.999	275
University of Hawaii	Univ of Hawaii/Intl/ USAID/Univ of Hawaii	98.999	271
University of Illinois	Univ of Illinois 04-239/	98.999	89
Virginia Tech	19300A-425632	98.999	9
Winrock International	N/A	98.009	205
Woods Hole Research	A0344/ B0344	98.999	12
Total - U. S. Agency for International Development			<u>\$ 1,957</u>
<b>Indirect Total Federal Awards Expenditures</b>			<u><b>\$ 98,898</b></u>

## 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. 2007-110	<i>Department of Health Selected Administrative Activities</i>	February 2007
Information Technology Audit No. 2007-073	<i>Unemployment Insurance Program Agency for Workforce Innovation Department of Revenue Department of Management Services</i>	December 2006
Operational Audit No. 2007-063	<i>Department of Health Pharmaceutical Contracts</i>	December 2006
Operational Audit No. 2007-062	<i>Department of Health Contract Management</i>	December 2006
Operational Audit No. 2007-049	<i>Department of Veterans' Affairs</i>	November 2006
Operational Audit No. 2007-046	<i>Florida School for the Deaf and the Blind</i>	November 2006
Operational Audit No. 2007-024	<i>Florida KidCare Program Florida Healthy Kids Corporation Eligibility Issues</i>	September 2006
Operational Audit No. 2007-013	<i>Department of Health Newborn Screening Children's Medical Services Area Health Education Center Network</i>	September 2006
Operational Audit No. 2006-194	<i>Department of State Help America Vote Act (HAVA) and the Florida Voter Registration System (FVRS)</i>	June 2006

Audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>).

Additionally, the State's Office of Program Policy Analysis and Government Accountability issued a program review of the Florida Retirement System Pension Plan, dated April 2006 (report No. 06-38). A copy of this report can be obtained online at (<http://www.oppaga.state.fl.us>).

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<b>Agriculture</b>	10.001	Research and Development Cluster	FA 06-108	<b>Education (continued)</b>	84.357	Reading First State Grants	FA 06-036	
	10.200		FA 06-110		84.365	English Language Acquisition Grants	FA 06-022	
			FA 06-112		84.367	Improving Teacher Quality State Grants	FA 06-022 FA 06-037	
	10.025	Plant and Animal Disease, Pest Control, and Animal Care	FA 06-001	<b>Elections Assistance Commission</b>	90.401	Help America Vote Act Requirements Payments	FA 06-038 FA 06-039 FA 06-040 FA 06-041	
		Child Nutrition Cluster	FA 06-002		<b>Energy</b>		Research and Development Cluster	
	10.555 10.559		FA 06-021			81.086 81.087		FA 06-110 FA 06-105
10.561	State Administrative Matching Grants for Food Stamp Program	FA 06-004 FA 06-005 FA 06-006 FA 06-045	<b>Environmental Protection Agency</b>	66.436	Research and Development Cluster	FA 06-113		
<b>Commerce</b>	11.300	Research and Development Cluster		FA 06-116	66.458	Capitalization Grants for Clean Water State Revolving Funds	FA 06-018 FA 06-019	
	11.478			FA 06-107	66.468	Capitalization Grants for Drinking Water State Revolving Fund	FA 06-018 FA 06-019 FA 06-020	
<b>Defense</b>	12.300	Research and Development Cluster	FA 06-111 FA 06-123	<b>Health and Human Services</b>	Various	Statewide Cost Allocation Plan	FA 06-042	
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	12.800 12.910		FA 06-113 FA 06-107		93.048 93.856		FA 06-117 FA 06-107	
	84.002	Adult Education - State Grant Program	FA 06-021		93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	FA 06-045	
	84.007, 84.032, 84.033, 84.063 84.007, 84.032, 84.033, 84.063, 84.268 84.007, 84.032, 84.038, 84.063, 84.268	Student Financial Aid Cluster	FA 06-091 FA 06-084 FA 06-095 FA 06-097		93.251	Universal Newborn Hearing Screening	FA 06-043	
84.007, 84.033, 84.038, 84.063, 84.268 84.007, 84.033, 84.063		FA 06-083 FA 06-087 FA 06-088	93.268	Immunization Grants	FA 06-046			
84.007, 84.033, 84.063, 84.268 84.007, 84.038, 84.063, 84.268 84.032		FA 06-086 FA 06-089 FA 06-096 FA 06-090 FA 06-103	93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	FA 06-033 FA 06-043 FA 06-044 FA 06-046 FA 06-048 FA 06-049			
84.007, 84.038, 84.063, 84.268 84.032, 84.268		FA 06-098 FA 06-099	93.558	Temporary Assistance for Needy Families	FA 06-004 FA 06-005 FA 06-006 FA 06-007 FA 06-034 FA 06-045 FA 06-050 FA 06-051			
84.032, 84.038, 84.268 84.032, 84.268		FA 06-094 FA 06-098 FA 06-099	93.563	Child Support Enforcement	FA 06-052			
84.038		FA 06-085 FA 06-100 FA 06-101	93.566	Refugee and Entrant Assistance - State Administered Programs	FA 06-045 FA 06-047 FA 06-053			
84.063 84.063, 84.268		FA 06-093 FA 06-092 FA 06-102	93.575	Child Care Cluster	FA 06-004 FA 06-005 FA 06-006 FA 06-045 FA 06-054 FA 06-055			
84.010	Title I Grants to Local Educational Agencies	FA 06-021 FA 06-022 FA 06-023	93.576	Refugee and Entrant Assistance - Discretionary Grants	FA 06-047			
84.027	Special Education Cluster	FA 06-021 FA 06-024	93.645	Child Welfare Services - State Grants	FA 06-045			
84.173		FA 06-043						
84.048	Vocational Education - Basic Grants to States	FA 06-021 FA 06-025 FA 06-026 FA 06-027						
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	FA 06-021 FA 06-028 FA 06-029						
84.181	Special Education - Grants for Infants and Families with Disabilities	FA 06-030 FA 06-031 FA 06-032 FA 06-033 FA 06-034 FA 06-043						
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	93.659	Adoption Assistance	FA 06-045 FA 06-057 FA 06-058						
	93.667	Social Services Block Grant	FA 06-043 FA 06-047 FA 06-059				17.245	Trade Adjustment Assistance - Workers	FA 06-005
	93.767	State Children's Insurance Program	FA 06-045 FA 06-060 FA 06-061 FA 06-062				17.258, 17.259, 17.260	WIA Cluster	FA 06-004 FA 06-005 FA 06-006 FA 06-007 FA 06-013
	93.778	Medical Assistance Program	FA 06-045 FA 06-050 FA 06-063 FA 06-064 FA 06-065 FA 06-066				17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	FA 06-005
	93.889	National Bioterrorism Hospital Preparedness Program	FA 06-043				17.266	Work Incentives Grant	FA 06-005
	93.917	HIV Care Formula Grants	FA 06-033 FA 06-044 FA 06-046 FA 06-048 FA 06-067 FA 06-068				<b>NASA</b>	Research and Development Cluster	FA 06-112 FA 06-120 FA 06-110 FA 06-111
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							43.999		
							<b>National Science Foundation</b>	Research and Development Cluster	FA 06-123 FA 06-119
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			<b>Social Security Administration</b>	96.001	Social Security - Disability Insurance	FA 06-044 FA 06-046			
			<b>Transportation</b>	20.205	Highway Planning and Construction	FA 06-014 FA 06-015			
			<b>Treasury</b>	Various	Cash Management Improvement Act	FA 06-016 FA 06-017			
			<b>USAID</b>	98.009	Research and Development Cluster	FA 06-112 FA 06-120			
<b>Homeland Security</b>	97.004, 97.067	Homeland Security	FA 06-069 FA 06-070 FA 06-071 FA 06-072 FA 06-073 FA 06-074						
	97.034	Disaster Unemployment Assistance	FA 06-005						
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FA 06-069 FA 06-070 FA 06-071 FA 06-075 FA 06-076 FA 06-077 FA 06-078						
	97.039	Hazard Mitigation Grant	FA 06-069 FA 06-070 FA 06-071 FA 06-075 FA 06-079 FA 06-080 FA 06-081 FA 06-082						
	97.042	Emergency Management Performance Grants	FA 06-069 FA 06-080						
	14.228	Community Development Block Grants/State's Program	FA 06-003						
	15.632	Research and Development Cluster	FA 06-111						
	<b>Housing and Urban Development</b>								
	<b>Interior</b>								
	<b>Labor</b>	17.002	Labor Force Statistics	FA 06-005					
	17.203	Labor Certification for Alien Workers	FA 06-005						
	17.207	Employment Service Cluster	FA 06-004						
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FAHCA	93.767	State Children's Insurance Program	FA 06-062	FDCFS (continued)	93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	FA 06-045	
	93.778	Medical Assistance Program	FA 06-063 FA 06-065 FA 06-066		93.558	Temporary Assistance for Needy Families	FA 06-045 FA 06-050 FA 06-051	
FAWI	10.561	State Administrative Matching Grants for Food Stamp Program	FA 06-004 FA 06-005 FA 06-006	93.566	Refugee and Entrant Assistance - State Administered Programs	FA 06-045 FA 06-047 FA 06-053		
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	17.203	Labor Certification for Alien Workers Employment Service Cluster	FA 06-005	93.575		FA 06-045		
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	84.213	Even Start - State Educational Agencies	FA 06-005	93.778	Medical Assistance Program	FA 06-045 FA 06-050 FA 06-064		
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	Child Care Cluster		97.004, 97.067				FA 06-071 FA 06-073 FA 06-074	
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97.034	Disaster Unemployment Assistance	FA 06-005	FDEP		66.458	Capitalization Grants for Clean Water State Revolving Funds	FA 06-018 FA 06-019	
N/A	Net Receivables	FS 06-005			66.468	Capitalization Grants for Drinking Water State Revolving Fund	FA 06-018 FA 06-019 FA 06-020	
FDAACS	10.025	Plant and Animal Disease, Pest Control, and Animal Care			FA 06-001	N/A	Capital Assets	FS 06-001
	FDCA	14.228			Community Development Block Grants/State's Program	FA 06-003	Various	Statewide Cost Allocation Plan
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						N/A	Claims Liabilities	FS 06-007
97.039		Hazard Mitigation Grant		FA 06-069 FA 06-070 FA 06-071 FA 06-075 FA 06-079 FA 06-080	FDJJ	93.667	Social Services Block Grant	FA 06-059
					FDMS	N/A	Improper Presentation of Fiduciary Fund Activity	FS 06-006
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	84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	FA 06-021 FA 06-028 FA 06-029		93.563	Child Support Enforcement	FA 06-052
					N/A	Accounts Receivable and Deposits Payable	FS 06-008
	84.287	Twenty-First Century Community Learning Centers	FA 06-035	<b>FDOS</b>	90.401	Help America Vote Act Requirements Payments	FA 06-038 FA 06-039 FA 06-040 FA 06-041
	84.357	Reading First State Grants	FA 06-036				
	84.365	English Language Acquisition Grants	FA 06-022				
	84.367	Improving Teacher Quality State Grants	FA 06-022 FA 06-037	<b>FDOT</b>	20.205	Highway Planning and Construction	FA 06-014 FA 06-015
	N/A	Revenues and Expenditures	FS 06-004		97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FA 06-076
	<b>FDOH</b>	84.173	Special Education - Preschool Grants	FA 06-043	N/A	Nondepreciable Infrastructure and Construction Work in Progr	FS 06-010
		84.181	Special Education - Grants for Infants and Families with Disabilities	FA 06-030 FA 06-031 FA 06-033 FA 06-043	N/A	Accounts Payable	FS 06-003
93.251		Universal Newborn Hearing Screening	FA 06-043	N/A	Physical Access Controls	FS 06-009	
93.268		Immunization Grants	FA 06-046				
93.283		Centers for Disease Control and Prevention - Investigations and Technical Assistance	FA 06-033 FA 06-043 FA 06-044 FA 06-046 FA 06-048 FA 06-049				
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93.889		National Bioterrorism Hospital Preparedness Program	FA 06-043				
93.917		HIV Care Formula Grants	FA 06-033 FA 06-044 FA 06-046 FA 06-048 FA 06-067 FA 06-068				
93.944		Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	FA 06-044 FA 06-048				
96.001		Social Security - Disability Insurance	FA 06-044 FA 06-046				

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