



Item: AF: I-4F

## AUDIT AND FINANCE COMMITTEE

Wednesday, October 24, 2007

**SUBJECT: REVIEW OF AUDITS: REPORT NO. 2007-146, STATE OF FLORIDA  
COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORT AND  
FEDERAL AWARDS FOR FISCAL YEAR ENDED JUNE 30, 2006.**

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### PROPOSED COMMITTEE ACTION

Information Only. The complete audit can be accessed on the Auditor General's website located at: <http://www.myflorida.com/audgen/pages/summaries/2007-146.htm>

### BACKGROUND INFORMATION

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*.

Florida Atlantic University Audit Findings:

1. Recommendation: Due to a lack of communication between various departments regarding due dates and responsibilities for providing information to be included in the Schedule of Expenditures of Federal Awards (SEFA), FAU submitted the SEFA seven days late. Additional, due to inadequate initial review, there were errors and omissions that were subsequently identified, resulting in a required resubmission of the SEFA.

FAU Response: FAU has implemented revised procedures to ensure that the Schedule of Expenditures and Federal Awards (SEFA) is complete, accurate, and supported by accounting records.

2. Recommendation: On three occasions of tested non-negotiated checks, Florida Atlantic University failed to return the checks to lenders in a timely manner. FAU should promptly return to applicable Federal programs or lenders unclaimed Title IV HEA funds contained in checks that remain non-negotiated for 180 days after the dates the checks are written.

FAU Response: The institution has implemented full procedures in accordance with Title IV guidelines.

3. Recommendation: FAU has procedures in place to identify and return unearned Title IV HEA funds; however, the institution was not able to provide documentation supporting students' attendance in the classroom in cases where students attended past the 60 percent point. FAU should enhance procedures to ensure assignment of 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.

FAU Response: In order to document student attendance, FAU has implemented wording on the grade reporting system so that professors can explain F and U grades. In addition, written examples of types of valid forms for documentation were provided, as is wording that address requirements for retention of documents for three years.

4. Recommendation: The institution should seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation as to whether FAU is using Cost Accounting Standards exemptions that meet the criteria for "unlike circumstances" as contemplated by the cognizant agency.

FAU Response: The University has implemented best practices to assure that staff and the University community are more aware of Cost Accounting Standards (CAS 502) requirements. While the two instances under review were approved by the granting agency and the grantor and the University's calculation of indirect cost was in accordance with OMB circulars and properly authorized, the University will continue to rigidly adhere to the federal regulations. FAU has engaged in the services of a consulting firm to assist the University in identifying best practices and procedures.

#### IMPLEMENTATION PLAN/DATE

Not Applicable.

#### FISCAL IMPLICATIONS

Not Applicable.

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**Supporting Documentation:** Report No. 2007-146.

**Presented by:** Dr. Kenneth A. Jessell, VP Financial Affairs

**Phone:** 561-297-3266



**AUDITOR GENERAL**  
WILLIAM O. MONROE, CPA



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

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

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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*.

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Please address inquiries regarding this report to Brenda Pelham, CPA, Audit Manager, via E-mail ([brennapelham@aud.state.fl.us](mailto:brennapelham@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

# AUDITOR GENERAL STATE OF FLORIDA

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



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

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

## ADDITIONAL MATTERS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<b>Finding Number</b>	FS 06-018
<b>State Educational Entity</b>	Florida Atlantic University (FAU)
<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*.

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

Compliance Requirement/ Institutions	Total Questioned Costs	Questioned Costs Restored	Net Questioned Costs
<b>Student Financial Assistance Cluster</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	16,484.30	16,484.30	-
<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	unknown	-	unknown
<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	11,622.54	11,622.54	-
<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*

Compliance Requirement/ Institutions	Total Questioned Costs	Questioned Costs Restored	Net Questioned Costs
<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	13,075.56	-	13,075.56
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	267.20	-	267.20
<b>Total</b>	<u>31,548.94</u>	<u>15,486.18</u>	<u>18,052.76</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	7,199.44	7,199.44	-
<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	433.12	-	433.12
<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>

	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.

FAMU Response and Corrective Action Plan	<p>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.</p> <p>To determine the withdrawal date the following procedures are used</p> <p>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.</p> <p>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.</p>
FAMU Contact and Telephone Number	Rufus R. Little, III (850) 412-5480
Estimated Corrective Action Date	March 30, 2007
Condition	<p><b>Florida Atlantic University (FAU)</b></p> <p>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.)</p>
Cause	<p>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.</p>
Recommendation	<p>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.</p>
FAU Response and Corrective Action Plan	<p>The institution will review current procedures to determine if any changes are necessary to improve professors' responses and retention of documentation.</p>
FAU Contact and Telephone Number	Carole Pfeilsticker (561) 297-3528
Estimated Corrective Action Date	April 1, 2007

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

Finding Number	FA 06-104
CFDA Number	Various
Program Title	Research & Development Cluster (R&D)
Compliance Requirement	Allowable Costs/Cost Principles – Cost Accounting Standards (CAS) Exemptions
State Educational Entity	Florida Atlantic University (FAU)
Federal Grant/Contract Number and Grant Year	Various
Finding Type	Material Noncompliance
Finding	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.
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 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.
Cause	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."
Effect	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.
Recommendation	The institution should seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation as to whether the institution is using CAS exemptions that meet the criteria for "unlike circumstances" as contemplated by the cognizant agency.
FAU Response and Corrective Action Plan	The University agrees with the recommendation. A letter has been drafted and will go out to the cognizant agency asking for their opinion.
FAU Contact and Telephone Number	Jay R. Semmel, CPA, Assistant Vice President-Finance, Division of Research (561) 297-0118
Estimated Corrective Action Date	January 15, 2007



## 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
FDPS.....	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).

## INDEX OF FINDINGS BY STATE UNIVERSITIES AND COMMUNITY COLLEGES

<u>State University or Community College</u>	<u>Finding Number</u>	<u>State University or Community College</u>	<u>Finding Number</u>
<b>Florida A &amp; M University</b>		<b>University of North Florida</b>	
Schedule of Expenditures of Federal Awards	FS 06-017	Student Financial Aid Cluster	FA 06-084 FA 06-091 FA 06-095 FA 06-096 FA 06-098 FA 06-099
Student Financial Aid Cluster	FA 06-083 FA 06-084 FA 06-085 FA 06-086 FA 06-089 FA 06-094 FA 06-095 FA 06-096 FA 06-097 FA 06-098 FA 06-099 FA 06-100	<b>University of South Florida</b>	
Research and Development Cluster	FA 06-112 FA 06-115 FA 06-120 FA 06-122	Schedule of Expenditures of Federal Awards	FS 06-016
		Special Education - Grants for Infants and Families with Disabilities	FA 06-094
		Temporary Assistance for Needy Families	FA 06-094
		Student Financial Aid Cluster	FA 06-095
		Research and Development Cluster	FA 06-107 FA 06-119
		<b>University of West Florida</b>	
		Student Financial Aid Cluster	FA 06-084 FA 06-092 FA 06-095
<b>Florida Atlantic University</b>		Research and Development Cluster	FA 06-111
Schedule of Expenditures of Federal Awards	FS 06-018	<b>Brevard Community College</b>	
Student Financial Aid Cluster	FA 06-084 FA 06-096	Student Financial Aid Cluster	FA 06-084 FA 06-096 FA 06-101
Research and Development Cluster	FA 06-104	<b>Broward Community College</b>	
<b>Florida Gulf Coast University</b>		Student Financial Aid Cluster	FA 06-099
Student Financial Aid Cluster	FA 06-094 FA 06-095 FA 06-098 FA 06-099	<b>Edison College</b>	
<b>Florida International University</b>		Student Financial Aid Cluster	FA 06-084 FA 06-095
Schedule of Expenditures of Federal Awards	FS 06-015	<b>Florida Community College at Jacksonville</b>	
Student Financial Aid Cluster	FA 06-084 FA 06-087 FA 06-097 FA 06-098 FA 06-099 FA 06-100	Vocational Education - Basic Grants to States	FA 06-020
Research and Development Cluster	FA 06-113 FA 06-117	Student Financial Aid Cluster	FA 06-084 FA 06-099
<b>Florida State University</b>		<b>Florida Keys Community College</b>	
Student Financial Aid Cluster	FA 06-084	Student Financial Aid Cluster	FA 06-084 FA 06-099
Research and Development Cluster	FA 06-123	<b>Gulf Coast Community College</b>	
<b>New College of Florida</b>		Student Financial Aid Cluster	FA 06-084
Student Financial Aid Cluster	FA 06-098	<b>Hillsborough Community College</b>	
<b>University of Central Florida</b>		Student Financial Aid Cluster	FA 06-098
Student Financial Aid Cluster	FA 06-090 FA 06-095 FA 06-098 FA 06-099	<b>Indian River Community College</b>	
Research and Development Cluster	FA 06-105 FA 06-108 FA 06-109 FA 06-116	Student Financial Aid Cluster	FA 06-084
<b>University of Florida</b>		<b>Lake-Sumter Community College</b>	
Schedule of Expenditures of Federal Awards	FS 06-014	Student Financial Aid Cluster	FA 06-095
Special Education - Grants for Infants and Families with Disabilities	FA 06-032	<b>Manatee Community College</b>	
Student Financial Aid Cluster	FA 06-084	Student Financial Aid Cluster	FA 06-098 FA 06-099
Research and Development Cluster	FA 06-105 FA 06-110 FA 06-114 FA 06-118 FA 06-121	<b>Miami-Dade College</b>	
		Student Financial Aid Cluster	FA 06-084 FA 06-093 FA 06-095
		<b>Palm Beach Community College</b>	
		Student Financial Aid Cluster	FA 06-084 FA 06-094 FA 06-095

# STATE OF FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SUBMITTED IN ACCORDANCE WITH  
OMB CIRCULAR A-133

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<b><u>Paragraph/Finding No(s). (1)</u></b>	<b><u>Program/Area</u></b>	<b><u>Brief Description</u></b>	<b><u>Status</u></b>	<b><u>Comments</u></b>
FA 05-089	SFA – Cash Management – Prohibition on Escheating of Title IV HEA Funds – CFDA Nos. 84.032 FFEL and 84.063 PELL	15 unnegotiated stale-dated checks containing Title IV HEA funds, disclosed the following: 1 of the 15 checks for \$1,560 (FFEL unsubsidized) was returned to the lender 229 days late; 1 of the 15 checks for \$600 (PELL) was reissued to the student 205 days past the date it ceased to be negotiable in a subsequent award year; 2 of the 15 checks totaling \$3,099 (\$492 FFEL subsidized and \$2,607 FFEL unsubsidized) were reissued to students 30 and 113 days after they ceased to be negotiable in the same award period in which they were originally issued; and 11 of the 15 checks totaling \$27,554 (\$9,208 FFEL subsidized, \$17,610 FFEL unsubsidized, and \$736 PELL) were not reissued to the students or returned to the programs or lenders. These checks were issued between 07/13/04, and 01/28/05, and had not been returned to the programs or lenders as of 01/13/06. Recommended the institution enhance its procedures to allow for the timely identification and return of Title IV HEA funds before those funds would otherwise escheat, or no later than the date a check to those students would cease to be negotiable (currently 180 days at the institution). The institution should also return \$28,154 (\$9,208 FFEL subsidized, \$17,610 FFEL unsubsidized, and \$1,336 PELL) to the applicable federal programs and lenders.	Partially Corrected	Florida Atlantic University has updated and refined our procedures to prevent Title IV HEA funds from escheating to a third party. We have identified, segregated and monitored these Title IV stale dated checks and have remitted them timely to the appropriate agencies to assure compliance with the law in accordance with the Financial Aid Handbook.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status</u>	<u>Comments</u>
FA 05-104	SFA – Special Tests and Provisions – Return to Title IV HEA Funds (Non Attendance) – CFDA Nos. 84.032 FFEL and 84.063 PELL	For 2 of the 15 students tested who received all failing, incomplete, or withdraw grades, the institution did not timely determine that the students attended at least one class. Subsequent to audit inquiry, the determinations were made 183 and 272 days late, and the unearned Title IV HEA funds returned by the institution for the two students totaled \$9,770 (\$3,803 FFEL subsidized, \$4,448 FFEL unsubsidized, and \$1,519 PELL). Recommended the institution enhance procedures to ensure faculty assign proper attendance codes to the grade reporting system and retain documentation to support the student's attendance. In addition, the institution should timely determine those instances when a student has not attended at least one class during a term and return Title IV HEA funds as required.	Partially Corrected	Professors are now required to use Web for Faculty where instructions have been clarified for their grades of 'W,' 'F,' or 'I.'
FA 05-122	R&D Cluster Equipment and Real Property Management  Federal Transit Agency - University Consortium for Intermodal Transportation Safety and Security (20.514)	As of 09/28/05, for 1 of 4 equipment purchases tested, which represented the acquisition of 11 computers at a cost of \$48,320 that were received in March 2005, we noted the following: while property tags had been issued for all 11 computers purchased, none of the computers had been tagged, approximately 6 months after receipt, and only 1 of the 11 computers, costing \$1,949, was in use, although untagged; 2 of the 11 computers, costing a total of \$17,279, were being used off-campus by an employee; however, no paperwork had been completed authorizing the off-	Partially Corrected	Florida Atlantic University's Property Office enhanced their policies and procedures to incorporate the timing of tagging items received. The Division of Research will ensure that prior to the approval of the purchase, Federal funds are spent only on the program's reasonable and allocable activities.  All computers have been appropriately tagged and accounted for. These computers will be placed in the College of Engineering Center for Intermodal Transportation and will be used by faculty and students for research purposes

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status</u>	<u>Comments</u>
		<p>campus use; and 8 of the 11 computers, costing a total of \$29,092, were not being used, but were instead located in a locked storage room (7 were in unopened boxes and 1 was in an opened box). Recommended the institution enhance its procedures to ensure that all Federal property is adequately accounted for and timely tagged to identify ownership, and that equipment purchases are reasonable and necessary for the program prior to approving the purchase. Questioned Costs = \$48,320</p>		<p>associated with the grant. Because of climate control and electrical wiring issues, the installation of the computers has been delayed and is currently anticipated to be completed in November 2006.</p>
<p>FA 04-092 (brought forward, unresolved) (1)</p>	<p>SFA – Cash Management – Prohibition on Escheating of Title IV HEA Funds – CFDA Nos. not identified</p>	<p>In April 2004, the institution escheated \$83,733, representing unclaimed net checks written in calendar year 2002 to the State as unclaimed property. The \$83,733 came from a listing of 366 unclaimed net checks that may or may not have included Title IV HEA funds. The institution had not identified the Title IV HEA funds prior to escheating the funds to the State. In November 2004, the institution began developing and implementing procedures to identify stale-dated Title IV HEA funds net checks and will return future Title IV HEA funds to the applicable Federal programs. Recommended that the institution continue its efforts to implement procedures to identify stale-dated checks with Title IV HEA funds and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat, or no later than the date a check to the student would cease to be</p>	<p>Fully Corrected</p>	<p>Florida Atlantic University determined the amount of Title IV funds included in the \$83,733 previously escheated and returned the funds to the applicable Federal programs and lenders.</p>

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<b><u>Paragraph/Finding No(s). (1)</u></b>	<b><u>Program/Area</u></b>	<b><u>Brief Description</u></b>	<b><u>Status</u></b>	<b><u>Comments</u></b>
		negotiable (usually 180 days). Also recommended that the institution determine the amount of Title IV HEA funds included in the \$83,733 previously escheated and return the funds to the applicable Federal programs and/or lenders.		
FA 04-100 (brought forward, unresolved) (1)	SFA – Special Tests and Provisions – Return of Title IV HEA Funds (Unofficial Withdrawals) –CFDA Nos. 84.032 FFEL and 84.063 PELL	For 3 students who unofficially withdrew from all of their classes, the institution did not identify, calculate, and return unearned Title IV HEA funds until our inquiry. The unearned Title IV HEA funds owed by the institution for the three students totaled \$3,533 (\$1,940 FFEL unsubsidized, \$1,103 FFEL subsidized, and \$490 PELL) and were returned 39 to 157 days late. The students' portion totaled \$323 (PELL). For a fourth student tested, the institution returned \$2,519 unearned Title IV HEA funds 153 days late. Recommended the institution enhance procedures to ensure that the determination of unofficial withdrawals is timely and to timely return Title IV HEA funds to the applicable Federal program accounts.	Fully Corrected	Funds are now returned by Florida Atlantic University to HEA programs upon the professor's grade postings. We do not wait for a student's response.
FA 04-107 (brought forward, unresolved) (1)	R&D – Allowable Costs/ Cost Principles – Cost Accounting Standards (CAS) Exemptions - Sea Grant Support;  Engineering Grants; Education and Human Resources; Polar Programs; Special	Six of ten grants tested included \$25,330 for departmental charges (postage \$2,931; office supplies \$2,807; software \$2,670; telephone \$8,400; subscriptions \$3,346; and equipment \$5,176), which would normally be included in the institution's indirect cost recovery rate proposal. However, these items were considered CAS exemptions by the	1) Partially Corrected	Current indirect cost study is underway and we were advised by indirect cost consultants to not contact the agency until the study is complete.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status</u>	<u>Comments</u>
	Programs for the Aging Title IV HEA and Title II Discretionary Projects; and Research Related to Deafness and Communication Disorders - CFDA Nos. 11.417, 47.041, 47.076, 47.078, 93.048, and 93.173	<p>institution and charged as direct costs of the grants. The frequency of grants claiming CAS exemptions (approximately 60 percent) does not appear to qualify as unlike circumstances.</p> <p>1) Recommended the institution seek an opinion and clarification from the cognizant agency (USDHHS) and the Division of Cost Allocation that the institution's understanding and use of CAS exemptions is at a level contemplated by the cognizant agency (USDHHS).</p> <p>2) Also, recommended that the institution develop procedures to track grants claiming CAS exemption costs.</p>	<p>2) Fully Corrected</p>	
FA 04-117 (brought forward, unresolved) (1)	R&D - Matching, Level of Effort, Earmarking - Sea Grant Support and Aerospace Education Services Program - CFDA Nos. 11.417 and 43.001	<p>Noted that for two of ten grants tested the institution claimed, as part of the grants' matching, indirect costs calculated on the matching funds. The institution represents that the indirect cost calculated on the matching funds is 'foregone' overhead. However, foregone overhead should be calculated on the Federal share, not on the institutional share. The 'foregone' overhead claimed for matching purposes totaled \$52,871. Recommended that the institution obtain clarification directly from USDHHS, the cognizant agency, as to the allowability of using calculated indirect costs of matching funds as matching itself. If it is determined that these costs are unallowed, recommended that the</p>	Partially Corrected	Current indirect cost study is underway and we were advised by indirect cost consultants to not contact the agency until the study is complete.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Florida Atlantic University**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status</u>	<u>Comments</u>
		institution contact the appropriate Federal departments to determine if additional matching funds will be required for the above grants.		

Note: (1) Paragraph/Finding No(s). refer to audit finding in report No. 2005-158 (FA 04-092, FA 04-100, FA 04-107, and FA 04-117) or report No. 2006-152 (FA 05-).

Name and Title of Responsible Official: Kenneth A. Jessell, Vice President for Financial Affairs