

SOUTH CAROLINA STATE UNIVERSITY

ORANGEBURG, SOUTH CAROLINA

OMB CIRCULAR A-133 REPORTS

(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2010

SOUTH CAROLINA STATE UNIVERSITY

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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**

Members of the Board of Trustees
South Carolina State University
Orangeburg, South Carolina

We have audited the financial statements of the business-type activity and the discretely presented component unit of South Carolina State University (the "University"), as of and for the year ended June 30, 2010, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 6, 2010. 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. The financial statements of South Carolina State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 10-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated October 6, 2010.

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cheng Beckett + Holland, C.L.P.

Charlotte, North Carolina
October 6, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

Members of the Board of Trustees
South Carolina State University
Orangeburg, South Carolina

Compliance

We have audited the South Carolina State University's compliance (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2010. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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 University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business type activity and the discretely presented component unit of South Carolina State University (the "University"), as of and for the year ended June 30, 2010, and have issued our report thereon dated October 6, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the 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 Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cheng Bekaert + Holland, C.L.P.

Charlotte, North Carolina

February 3, 2011 except for the paragraph related to the Schedule of Expenditures of Federal Awards as to which the date is October 6, 2010

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Findings And Questioned Costs For the Year Ended June 30, 2010

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiencies identified that are not considered to be a material weaknesses yes none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses yes none reported

Noncompliance material to federal awards yes no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 yes no

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Schedule of Findings And Questioned Costs For the Year Ended June 30, 2010

Section I. Summary of Auditors' Results (continued)

Identification of major federal programs:

<u>PROGRAM NAME</u>	<u>CFDA No.</u>
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Family Educational Loan Program	84.032
Federal Work Study Program	84.033
Federal Perkins Loan Program - Federal Capital Contribution	84.038
Federal Pell Grant Program	84.063
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain Talent Grants	84.376
Research & Development Cluster:	
USAID Foreign Assistance for Programs Overseas	98.001
Plant and Animal Disease, Pest Control, and Animal Care	10.205
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205
1890 Institution Capacity Building Grants	10.216
Cooperative Extension Service	10.500
Basic Scientific Research	12.431
Highway Training and Education	20.215
Education and Human Resources	47.076
Mathematical and Physical Sciences	47.049
Geosciences	47.050
Office of Science Financial Assistance Program	81.049
University Reactor Infrastructure and Education Support	81.114
Serving Institutions (MSI) Program	81.123
Minority Science and Engineering Improvement	84.120
Strengthening Minority-Serving Institutions	84.382
National Center on Minority Health and Health Disparities	93.307
USAID Foreign Assistance for Programs Overseas	98.001
Basic Scientific Research	12.431
Special Education Grants to States	88.027
State Fiscal Stabilization - Education State Grants Recovery Act	84.394
Higher Education Challenge Grants	10.217

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Schedule of Findings And Questioned Costs
For the Year Ended June 30, 2010

Section I. Summary of Auditors' Results (continued)

Identification of major federal programs (continued):

PROGRAM NAME	CFDA No.
Research & Development Cluster (continued):	
Air Force Defense Research Sciences Program	12.800
Geosciences	47.050
Education and Human Resources	47.076
Office of Experimental Program to Stimulate Competitive Research	47.081
Trans-NSF Recovery Act Research Support	47.082
Nuclear Energy Research, Development and Demonstration	81.121
Community-Based Abstinence Education (CBAE)	93.010
Family and Community Violence Prevention Program	93.910
Centers for Homeland Security	97.061
USAID Development for University Cooperation and Development	98.012
Non-Cluster Programs:	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205
Highway Planning and Construction	20.205
Rehabilitation Long-Term Training	84.129
Reading First State Grants	84.357
State Fiscal Stabilization - Education State Grants Recovery Act	84.394

Dollar threshold used to distinguish between
Type A and Type B Programs

\$ 582,186

Auditee qualified as low-risk auditee?

X yes no

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Schedule of Findings And Questioned Costs For the Year Ended June 30, 2010

Section II. Financial Statement Findings

Significant Deficiency

Finding: 10-01 - Controls over collection and charges of student accounts

- Criteria: Student accounts receivable should be properly monitored to ensure the timely collection of outstanding student balances.
- Conditions: In the prior year, our review disclosed a significant portion of our sample selected for testing the propriety of charges contained various errors in the charges posted to the students' accounts. The University uses two separate systems for processing the student transactions. One system is maintained by Student Services and the other system is the Banner system used by the University as the core platform for management and accounting. These two systems are not integrated. Since June 30, 2009, management has made efforts to correct charges to student accounts, apply all payments and other credits and evaluate old accounts for collectability and provide an appropriate reserve. However, the use of the two independent systems continued through the fiscal year ended June 30, 2010.
- Effect: The use of independent systems for student services and registration allows certain errors to occur which cannot be detected timely by reconciling the two systems' information at a later date. These errors would occur at registration for each new academic period and generally over a few days. As a result of the continued condition, the likelihood of a significant error occurring and not being detected and corrected was still more than remote for the year ended June 30, 2010.
- Cause: The University's management has not fully implemented all of the available applications of its core information system. As a result, various departments, including Student Services, still use separate, non-integrated information systems to process data and maintain records, independently of the records maintained in the core system. The reconciliation controls for the independent systems and related records are not sufficient, in all cases, and specifically in the student revenue transaction cycle, to prevent or detect and correct all errors which may occur.
- Recommendation: The University's management should eliminate the practice of using separate management systems for maintaining student accounts. The core information system of the University has the capability of accounting for student charges and providing the management information necessary for Student Services to perform their functions. We understand management is in the process of evaluating the use of its core system and determining what changes are necessary in all departmental practices to make full use of the core system and build appropriate controls over the student revenue transaction cycle.
- Management response: See Corrective Action Plan.

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Schedule of Findings And Questioned Costs
For the Year Ended June 30, 2010

Section III: Findings related to the audit of major federal award programs (continued)

There were no findings related to major federal award programs.

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Prior Year Findings
For the Year Ended June 30, 2010

Section IV: Prior Year Findings

Finding: 09-01 - Financial Reporting

Criteria: Statement on Auditing Standards ("SAS") No. 112 includes a presumption that the discovery of financial statement misstatements during the course of an audit indicates a deficiency in internal control.

Condition: During the course of the audit, we proposed several material audit adjustments related to charges of student accounts and associated unapplied credits, federal and state grants receivable and capital assets.

Recommendation: In order to make financial reporting as meaningful as possible, the Finance Department, in coordination with other related departments of the University, should review, analyze and reconcile general ledger accounts on a routine basis. Reconciliations and account analyses should be reviewed and approved by management and required adjustments should be recorded on a timely basis.

Current status: Management addressed this finding and it does not exist at the year ended June 30, 2010.

Finding: 09-02 - Controls over collection and charges of student accounts

Criteria: Student accounts receivable should be properly monitored ensure the timely collection of outstanding student balances.

Conditions: Our review disclosed, out of 40 students selected for testing, 31 exceptions/errors in charging students for housing.

- a. Of the students selected for testing, 35% of those with an unpaid balance did not agree with accounts receivable aging report.
- b. Student housing data were incomplete or not available during the audit.
- c. Student housing charges were not reconciled with the Treasurer's record on a routine basis.
- d. As of June 30, 2009, unapplied student credits totaling \$847,382 had no detailed listing to support the amounts.
- e. A number of students enrolled in the Fall 2008 and Spring 2009 semesters have account balances that remain uncollected as of June 30, 2009.

Recommendation: The policies and control procedures of the University should be strictly implemented to strengthen internal controls over student accounts receivable, related financial reporting, improve cash flow and avoid losses due to non-collection of student accounts.

Current status: The finding is not closed as noted in current year's finding no. 10-01.

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Prior Year Findings
For the Year Ended June 30, 2010

Finding: 09-03 - Federal and State grants receivable

- Criteria: University policy states that all federal awards are expected to be billed on a monthly basis with the stated objective of never allowing continued lack of reimbursement for more than (90) ninety days. Also, on a monthly basis, all federal funds received and disbursed must be reconciled with the books of accounts. Reconciliations should be signed off by a person independent of managing the funds.
- Condition: Our review of grants receivable as of June 30, 2009 disclosed a significant amount of grants and contracts receivable from the U.S. Department of Transportation ("DOT") and Student Financial Aid ("SFA") that are not being collected for long periods of time.
- Recommendation: To improve the cash flow and strengthen controls over the management of federal and State funds, the University should regularly monitor the submission of these reports and reconciliation of these funds, in order to resolve any pending issues and ultimately get reimbursements in a timely manner.
- Current status: Management addressed this finding and it does not exist at the year ended June 30, 2010.

Finding: 09-04 - Reporting of student enrollment status

United States Department of Education
Federal Student Aid Cluster
Federal Family Education Loans (FFEL) CFDA# 84.032
Federal Direct Student Loans (Direct Loan) CFDA# 84.268

- Criteria: Under the FFEL and Direct Loan programs, the University must complete and return within 30 days of receipt, the Student Status Confirmation Reports sent by ED or a guaranty agency. This includes notifying the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.
- Condition: There were several instances noted where this communication was not made within the 30 days noted above.
- Recommendation: The University should put back-up controls in place to ensure timely reporting in the event of another technical issue in the future.
- Current Status: The University has complied with the requirement in the current year. This finding is considered closed.

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Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
Research and Development Cluster			
Direct Programs:			
U.S. Department of Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 41,448	\$ -
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	1,615,869	77
1890 Institution Capacity Building Grants	10.216	94,345	33,045
Cooperative Extension Service	10.500	11,249	-
U.S. Department of Defense			
Basic Scientific Research	12.431		
U.S. Department of Transportation			
Highway Training and Education	20.215	571,341	93,323
National Science Foundation			
Education and Human Resources	47.076	1,760,345	679,384
Mathematical and Physical Sciences	47.049	341,281	39,999
Geosciences	47.050	7,590	5,689
U.S. Department of Energy			
Office of Science Financial Assistance Program	81.049	953,980	408,417
University Reactor Infrastructure and Education Support	81.114	107,442	-
Serving Institutions (MSI) Program	81.123	104,438	-
U.S. Department of Education			
Minority Science and Engineering Improvement	84.120	33,189	-
Strengthening Minority-Serving Institutions	84.382	209,839	-
U.S. Department of Health and Human Services			
National Center on Minority Health and Health Disparities	93.307	4,880	-
U.S. Agency for International Development			
USAID Foreign Assistance for Programs Oversees	98.001	295,359	-
		<u>6,152,596</u>	<u>1,259,933</u>
Pass-Through State Agencies:			
U.S. Department of Defense			
Passed Through South Carolina Research Authority Basic Scientific Research	12.431	739	-

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
U.S. Department of Education			
Passed Through Medical University of South Carolina Special Education_Grants to States	84.027	37,420	-
Passed Through Office of the Governor State Fiscal Stabilization (SFSF) - Education State Grants Recovery Act	84.394	270,000	-
Total Pass-Through State Agencies		308,159	-
Pass-Through Other Than State Agencies:			
U.S. Department of Agriculture			
Passed Through University of Florida Higher Education Challenge Grants	10.217	20,667	-
U.S. Department of Defense			
Passed Through Clarkson Aerospace Corporation Air Force Defense Research Sciences Program	12.800	164,699	-
National Science Foundation			
Passed Through University of Houston Downtown Geosciences	47.050	48,230	-
Passed Through South Carolina Research Authority Education and Human Resources	47.076	8,051	-
Passed Through South Carolina Research Authority Office of Experimental Program to Stimulate Competitive Research	47.081	167,060	-
Passed Through South Carolina Research Authority Trans-NSF Recovery Act Research Support	47.082	6,000	-
U.S. Department of Energy			
Passed Through University of Tennessee Nuclear Energy Research, Development and Demonstration	81.121	36,100	-
U.S. Department of Health and Human Services			
Passed Through Life Support, Inc. Community-Based Abstinence Education (CBAE)	93.010	(4,050)	-
Passed Through Central state University Family and Community Violence Prevention Program	93.910	1,323	-
U.S. Department of Homeland Security			
Passed Through Jackson State University Centers for Homeland Security	97.061	76,556	-

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
U.S. Agency for International Development			
Passed Through American Council on Education			
USAID Development for University Cooperation and Development	98.012	181,779	-
Total Pass-Through Other Than State Agencies		<u>706,413</u>	<u>-</u>
Total Research and Development Cluster		<u>7,167,168</u>	<u>1,259,933</u>
Student Financial Assistance Programs Cluster			
U.S. Department of Education			
Federal Supplemental Educational Opportunity			
Grants	84.007	702,139	-
Higher Education-Institutional Aid	84.031	4,766,570	-
Federal Family Educational Loan Program	84.032	36,489,098	-
Federal Work-Study Program	84.033	508,391	-
Federal Perkins Loan Program-Federal			
Capital Contribution	84.038	1,926,241	-
Federal Pell Grant Program	84.063	13,645,258	-
Academic Competitiveness Grants	84.375	304,897	-
National Science and Mathematics Access to			
Retain Talent (SMART) Grants	84.376	112,000	-
Total Higher Education Cluster		<u>58,454,594</u>	<u>-</u>
Non-Cluster Programs			
Direct Programs:			
U.S. Department of Agriculture			
Payments to 1890 Land-Grant Colleges			
and Tuskegee University	10.205	1,709,381	-
1890 Institution Capacity Building Grants	10.216	86,322	-
Higher Education Multicultural Scholars Program	10.220	18,000	-
Outreach and Assistance for Socially Disadvantaged			
Farmers and Ranchers	10.443	30,642	-
Cooperative Extension Service	10.500	128,574	-
Rural Development, Forestry, and Communities	10.672	267,047	-
Rural Cooperative Development Grants	10.771	71,710	-
1890 Land Institutions Rural Entrepreneurial Outreach			
Program	10.856	101,191	-
Soil and Water Conservation	10.902	71,976	-
U.S. Department of Housing and Urban Development			
Northeastern Corridor of Orangeburg Community			
Historically Black Colleges and Universities Program	14.520	164,978	50,500

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
U.S. Department of Transportation			
Highway Planning and Construction	20.205	746,879	-
Highway Training and Education	20.215	70,000	28,752
National Aeronautics and Space Administration			
Aerospace Education Services Program	43.001	178	-
National Science Foundation			
Education and Human Resources	47.076	(39,776)	-
Nuclear Regulatory Commission			
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	91,749	-
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MISP)	77.007	95,955	-
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	161,866	-
U.S. Department of Energy			
Office of Environmental Waste Processing	81.104	34,429	4,000
University Reactor Infrastructure and Education Support	81.114	74,145	-
Nuclear Energy Research, Development and Demonstration	81.121	86,754	-
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123	38,912	26,602
U.S. Department of Education			
Special Education_Grants to States	84.027	19,105	-
TRIO Cluster			
TRIO-Student Support Services	84.042	278,754	-
TRIO-Talent Search	84.044	350,280	-
TRIO-Upward Bound	84.047	271,936	-
TRIO-Educational Opportunity Centers	84.066	204,108	-
Subtotal for TRIO Cluster		1,105,078	-
Minority Science and Engineering Improvement	84.120	24,566	2,000
Rehabilitation Long-Term Training	84.129	832,333	-
Business and International Education Projects	84.153	89,805	-
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333	387,745	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	363,184	-
U.S. Department of Health and Human Services			
Rural Health Outreach and Rural Network Development Program	93.912	16,626	-
Nurse Education, Practice and Retention Grant	93.359	375,576	-

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
U.S. Agency for International Development			
USAID Foreign Assistance for Programs Oversees	98.001	358,850	-
		7,583,779	111,854
Indirect Programs:			
Pass-Through State Agencies:			
U.S. Department of Agriculture			
Passed Through Clemson University Cooperative Extension Service	10.500	(11)	-
Passed Through South Carolina Department of Education National School Lunch Program	10.555	69,976	-
U.S. Department of Defense			
Passed Through University of South Carolina Procurement Technical Assistance for Business Firms	12.002	20,551	-
U.S. Department of Transportation			
Passed Through South Carolina Department of Transportation Highway Planning and Construction	20.205	88,645	-
Small Business Administration			
Passed Through University of South Carolina Small Business Development Center	59.037	135,022	-
U.S. Department of Education			
Passed Through SC Department of Education Special Education_Grants to States	84.027	87,245	2,930
State Grants for Innovative Programs	84.298	155	-
Reading First State Grants	84.357	154,687	120,634
Mathematics and Science Partnerships	84.366	11,101	3,394
Passed Through Office of the Governor State Fiscal Stabilization (SFSF) - Education State Grants Recovery Act	84.394	3,482,719	-
U.S. Department of Health and Human Services			
Passed Through University of South Carolina Child Welfare Services Training Grant	93.648	81,441	-
Total Passed Through State Agencies		4,131,531	126,958
Pass-Through Other Than State Agencies:			
U.S. Department of Transportation			
Passed Through Senior Option, Incorporated Formula Grants for Other Than Urbanized Areas	20.509	57,127	-

SOUTH CAROLINA STATE UNIVERSITY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Pass-Through Expenditures to Subrecipients</u>
National Endowment for the Arts			
Passed Through Southeastern Art Federation Promotion of the Arts_Partnership Agreement	45.025	1,800	-
Passed Through Institute of Museum and Library Services Museum Grants for African American History and Culture	45.309	52,377	3,000
National Science Foundation			
Passed Through University of Florida Education and Human Resources	47.076	31,060	-
U.S. Department of Energy			
Passed Through SC University Research and Education Foundation University Reactor Infrastructure and Education Support	81.114	350,896	347,326
Passed Through Thurgood Marshall College Fund Serving Institutions (MSI) Program	81.123	22,449	-
U.S. Department of Health and Human Services			
Passed Through Morehouse School of Medicine Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	8,019	-
Total Pass-Through Other Than State Agencies		523,728	350,326
Total Federal Assistance		\$ 77,860,799	\$ 1,849,071

SOUTH CAROLINA STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Carolina State University (the "University") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for student financial aid programs include the federal share of student's Federal Supplemental Educational Opportunity Grant program grants and Federal Work Study program earnings, certain other federal financial aid for students and administrative costs allowances, where applicable.

Note 3 - Federal Perkins Loan Program (CFDA Number 84.038)

The Federal Perkins Loan Program is administered directly by the University and balances and transactions are included in of the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$1,975,520 as of June 30, 2010.

Note 4 - Federal Family Educational Loan Program (CFDA Number 84.032)

During the fiscal year ended June 30, 2010, the University processed \$36,489,098 of new loans under the Federal Family Educational Loan Program.

The University is responsible only for the performance of certain administrative duties with respect to the Federal Family Educational Loan Program and, accordingly, these loans are not included on the University's financial statements; furthermore, it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at June 30, 2010.

SOUTH CAROLINA STATE UNIVERSITY

Management Corrective Action Plans
For the Year Ended June 30, 2010

Finding: 10-01 - Controls over collection and charges of student accounts

During fiscal year 2010 University management worked diligently to minimize errors created from having the student services housing system in place. The system was disbanded after Spring 2010. After Spring 2010 student housing transactions are posted directly into the Banner housing module which feeds directly to the student's accounts thereby requiring no reconciliation between two systems.

Completion Date: May 2010