



South Carolina State University

Schedule of Expenditures of Federal Awards
and Reports Required by *Government
Auditing Standards* and OMB Circular A-133
Year Ended June 30, 2012

South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and OMB Circular A-133
Year Ended June 30, 2012

South Carolina State University

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
South Carolina State University

We have audited the financial statements of South Carolina State University (the "University") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012. 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.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective 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 opinion 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 certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03, 2012-04, 2012-05, and 2012-06 to be significant deficiencies. *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 or other matters 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 30, 2012.

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 management, the Board of Trustees, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, LLP

October 30, 2012



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5430 Wade Park Boulevard
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Independent Auditors' 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

The Board of Trustees
South Carolina State University

Compliance

We have audited South Carolina State University's (the "University") compliance with the types of compliance requirements described in the *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, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-07, 2012-08, 2012-09, 2012-12, 2012-13, and 2012-14.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-10 and 2012-11. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

BDO USA, LLP

March 28, 2013

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
EXPENDITURES OF FEDERAL AWARDS:					
U.S. Department of Agriculture					
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ -	\$ -	\$ 15,523	\$ 15,523
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	2,695,011	2,064,692	4,759,703
Pass-through to Texas Engineering Experiment Station:					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	21,724	-	21,724
Pass-through to Contractual Service Pool:					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	29,374	-	29,374
Total Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	2,746,109	2,064,692	4,810,801
1890 Institution Capacity Building Grants	10.216	-	114,435	223,165	337,600
Pass-through to Texas A&M University:					
1890 Institution Capacity Building Grants	10.216	-	59,127	-	59,127
Pass-through to University of South Carolina:					
1890 Institution Capacity Building Grants	10.216	-	-	13,703	13,703
Total 1890 Institution Capacity Building Grants	10.216	-	173,562	236,868	410,430
Pass-through from University of Florida:					
Higher Education Challenge Grants	10.217	-	(1,031)	-	(1,031)
Higher Education Multicultural Scholars Program	10.220	-	-	25,764	25,764
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	-	-	94,100	94,100
Pass-through from South Carolina Department of Education					
Cooperative Extension Service:					
National School Lunch Program	10.500	-	-	44,859	44,859
	10.555	-	-	(2,804)	(2,804)
Rural Development, Forestry, and Communities	10.672	-	-	73,817	73,817
Pass-through to University of South Carolina:					
Rural Development, Forestry, and Communities	10.672	-	-	44,272	44,272
Total Rural Development, Forestry, and Communities	10.672	-	-	118,089	118,089

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856	-	-	29,203	29,203
Soil and Water Conservation	10.902	-	-	11,350	11,350
Wildlife Habitat Incentive Program	10.914	-	-	7,124	7,124
Total U.S. Department of Agriculture		-	2,918,640	2,644,768	5,563,408
U.S. Department of Defense					
Pass-through from Clarkson Aerospace Corporation:					
Air Force Defense Research Sciences Program	12.800	-	52,055	-	52,055
Total U.S. Department of Defense		-	52,055	-	52,055
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	-	-	589	589
Total U.S. Department of Justice		-	-	589	589
U.S. Department of Transportation					
Highway Planning and Construction	20.205	-	196	-	196
Pass-through from Department of Transportation / Federal Highway Administration:					
Highway Planning and Construction	20.205	-	-	1,968,208	1,968,208
Total Highway Planning and Construction	20.205	-	196	1,968,208	1,968,404
Highway Training and Education	20.215	-	-	22,238	22,238
Total U.S. Department of Transportation		-	196	1,990,446	1,990,642
National Aeronautics and Space Administration					
Science	43.001	-	22,337	-	22,337
Pass-through from College of Charleston:					
NASA Space Grant Consortium	43.xxx	-	903	-	903
Total National Aeronautics and Space Administration		-	23,240	-	23,240

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Institute of Museum and Library Services					
Pass-through from Institute of Museum and Library Services:					
Museum Grants for African American History and Culture	45.309	-	-	15,707	15,707
Pass-through to Institute of Museum and Library Services:					
Museum Grants for African American History and Culture	45.309	-	-	(328)	(328)
Total Institute of Museum and Library Services	45.309	-	-	15,379	15,379
National Endowment for the Arts					
Pass-through from Southeastern Art Federation:					
Promotion of the Arts Partnership Agreement	45.025	-	-	1,800	1,800
Total National Endowment for the Arts		-	-	1,800	1,800
National Science Foundation					
Mathematical and Physical Sciences	47.049	-	404,647	-	404,647
Pass-through to Clemson University:					
Mathematical and Physical Sciences	47.049	-	100,682	-	100,682
Total Mathematical and Physical Sciences	47.049		505,329	-	505,329
Geosciences	47.050	-	2,152	-	2,152
Education and Human Resources	47.076	-	565,508	58,028	623,536
Pass-through to University of South Carolina:					
Education and Human Resources	47.076	-	563,951	-	563,951
Total Education and Human Resources	47.076		1,129,459	58,028	1,187,487
Pass-through from Clemson University:					
Office of Cyberinfrastructure	47.080	-	21,389	-	21,389
Pass-through from South Carolina Research Authority:					
Office of Experimental Program to Stimulate Competitive Research	47.081	-	5,455	-	5,455
Trans-NSF Recovery Act Research Support	47.082	-	100,969	-	100,969
Total National Science Foundation		-	1,764,753	58,028	1,822,781

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Small Business Administration					
Pass-through from University of South Carolina: Small Business Development Centers	59.037	-	-	136,723	136,723
Total National Endowment for the Arts		-	-	136,723	136,723
Nuclear Regulatory Commission					
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	16,719	16,719
Pass-through from Nuclear Regulatory Commission: U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	9,474	9,474
Total U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	26,193	26,913
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	24,547	24,547
Pass-through from Nuclear Regulatory Commission: U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	123,971	123,971
Total U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	148,518	148,518
Total Nuclear Regulatory Commission		-	-	174,711	174,711
U.S. Department of Energy					
Office of Science Financial Assistance Program	81.049	-	885,493	-	885,493
Pass-through to Medical University of South Carolina: Office of Science Financial Assistance Program	81.049	-	612,489	-	612,489
Total Office of Science Financial Assistance Program	81.049	-	1,497,982	-	1,497,982

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Renewable Energy Research and Development	81.087	-	1,051	-	1,051
Office of Environmental Waste Processing Pass-through to Savannah River Nuclear Solutions LL, Savannah River Ecology Laboratory, Boyce, William:	81.104	-	-	972,452	972,452
Office of Environmental Waste Processing	81.104	-	-	105,700	105,700
Total Office of Environmental Waste Processing	81.104	-	-	1,078,152	1,078,152
University Nuclear Science and Reactor Support Pass-through from U.S. Department of Energy:	81.114	-	99,164	26,250	125,414
University Nuclear Science and Reactor Support	81.114	-	-	40,882	40,882
Pass-through to Shealy Environmental Services, Inc.:	81.114	-	-	-	-
University Nuclear Science and Reactor Support	81.114	-	4,575	-	4,575
Total University Nuclear Science and Reactor Support	81.114	-	103,739	67,132	170,871
Pass-through from University of Tennessee: Nuclear Energy Research, Development and Demonstration	81.121	-	-	210	210
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	-	207,143	-	207,143
Pass-through from U.S. Department of Energy: Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	-	-	17,067	17,067
Total Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	-	207,143	17,067	224,210
Pass-through from North Carolina State University: U.S. Department Energy Curriculum FY12	81.xxx	-	-	21,017	21,017
Total U.S. Department of Energy		-	1,809,915	1,183,578	2,993,493

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007	718,254	-	-	718,254
Pass-through from South Carolina Coalition for Mathematics and Science: Title I Grants to Local Educational Agencies	84.010	-	-	35,500	35,500
Special Education Cluster:					
Pass-through from Medical University of South Carolina: Special Education Grants to States	84.027	-	49,117	80,117	129,234
Pass-through from South Carolina Department of Education: Special Education Preschool Grants	84.173	-	-	9,378	9,378
Total Special Education Cluster		-	49,117	89,495	138,612
Higher Education Institutional Aid	84.031	-	-	5,402,942	5,402,942
Federal Work-Study Program	84.033	323,898	-	-	323,898
Federal Perkins Loan Program	84.038	1,940,988	-	-	1,940,988
TRIO Cluster:					
TRIO Student Support Services	84.042	-	-	251,941	251,941
TRIO Talent Search	84.044	-	-	252,726	252,726
TRIO Upward Bound	84.047	-	-	246,430	246,430
TRIO Educational Opportunity Centers	84.066	-	-	221,417	221,417
Total TRIO Cluster		-	-	972,514	972,514
Federal Pell Grant Program	84.063	12,945,499	-	-	12,945,499
Minority Science and Engineering Improvement	84.120	-	2,369	1,381	3,750
Rehabilitation Long-Term Training	84.129	-	-	939,697	939,697
Business and International Education Projects	84.153	-	-	1,329	1,329
Federal Direct Student Loans	84.268	41,957,277	-	-	41,957,277
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333	-	-	107,479	107,479

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Gaining Early Awareness and Readiness for Undergraduate Programs Pass-through from South Carolina Department of Education:	84.334	-	-	380,023	380,023
Reading First State Grants	84.357	-	-	104	104
Pass-through from South Carolina Department of Education:					
Improving Teacher Quality State Grants	84.367	-	-	8,019	8,019
Strengthening Minority-Serving Institutions	84.382	-	391,078	-	391,078
Pass-through from South Carolina Coalition for Mathematics and Science					
Title I Grants to Local Educational Agencies' Recovery Act	84.389	-	-	(9,838)	(9,838)
State Fiscal Stabilization (SFSF) - Education State Grants Recovery Act	84.394	-	-	(4,754)	(4,754)
Pass-through from State:					
State Fiscal Stabilization Fund (SFSF) Education State Grants Recovery Act	84.394	-	15	3,704	3,719
Total State Fiscal Stabilization (SFSF) - Education State Grants Recovery Act	84.394	-	15	(1,050)	(1,035)
Total U.S. Department of Education		57,885,916	442,579	7,927,595	66,256,090
U.S. Department of Health and Human Services					
Pass-through from Morehouse School of Medicine:					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	6,046	-	6,046
Minority Health and Health Disparities Research	93.307	-	1,998	-	1,998
Nurse Education, Practice Quality and Retention Grants	93.359	-	-	48,036	48,036
Pass-through from Medical University of South Carolina:					
National Center for Research Resources	93.389	-	79,974	-	79,974
Cancer Centers Support Grants	93.397	-	-	69,282	69,282
Cancer Research Manpower	93.398	-	211,863	-	211,863
Pass-through from University of South Carolina:					
Child Welfare Research Training or Demonstration	93.648	-	-	3,489	3,489
Pass-through from Central State University:					
Family and Community Violence Prevention Program	93.910	-	47	-	47
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	-	-	124,453	124,453
Total U.S. Department of Health and Human Services		-	299,928	245,260	545,188

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<i>Federal Grantor / Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research And Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001	-	3,581,882	-	3,581,882
Pass-through from American Council on Education:					
USAID Development Partnerships for University Cooperation and Development	98.012	-	18,578	-	18,578
Pass-through to Ngozi University:					
USAID Development for University Cooperation and Development	98.012	-	14,632	-	14,632
Total USAID Development for University Cooperation and Development	98.012	-	33,210	-	33,210
Total Agency for International Development		-	3,615,092	-	3,615,092
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 57,885,916	\$ 10,926,398	\$ 14,378,877
				\$ 83,191,191	

See accompanying notes to the schedule of expenditures of federal and state awards.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") summarizes the expenditures incurred under all federal awards received by South Carolina State University (the "University") for the year ended June 30, 2012, and has been prepared using the modified accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the statement of net assets, statement of revenues, expenses, and changes in net assets, or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government or subawards. The information in the Schedule is presented in accordance with the provisions of the Office of Management and Budget (the "OMB") Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for programs of the student financial assistance cluster include the federal portion of students' Federal Supplemental Educational Opportunity Grants ("FSEOG") and Federal Work Study ("FWS") program grants, certain other federal financial aid for students, and administrative cost allowances, where applicable. Federal Pell Grant Program awards are recognized as expenditures and revenues in the financial statements, but are reflected in the Schedule.

3. Federal Perkins Loan Program

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 \$1,984,167 as of June 30, 2012. The University disbursed \$183,250 under the Federal Perkins Loan Program for the year ended June 30, 2012.

4. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2012, the University processed \$41,957,277 of new loans under the Federal Direct Student Loan Program. The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student 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, 2012.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

5. Subrecipients

Of the federal expenditures presented in this schedule, SCSU provided federal awards to subrecipients as follows:

Program	Subrecipient Name	CFDA Number	Award Provided To Recipient
Payments to 1890 Land-Grant Colleges and Tuskegee University	Texas Engineering Experiment Station	10.205	\$ 21,724
Payments to 1890 Land-Grant Colleges and Tuskegee University	Contractual Service Pool	10.205	29,374
1890 Institution Capacity Building Grants	Texas A&M University	10.216	59,127
1890 Institution Capacity Building Grants	University of South Carolina	10.216	13,703
Rural Development, Forestry, and Communities	University of South Carolina Institute of Museum and Library Services	10.672	44,272
Museum Grants for African American History and Culture		45.309	(328)
Mathematical and Physical Sciences	Clemson University	47.049	100,682
Education and Human Resources	University of South Carolina	47.076	563,951
Office of Science Financial Assistance Program	Medical University of South Carolina Savannah River Nuclear Solutions LL, Savannah River Ecology Laboratory,	81.049	612,489
Office of Environmental Waste Processing	Boyce, William	81.104	105,700
University Nuclear Science and Reactor Support	Shealy Environmental Services, Inc	81.114	4,575
USAID Development for University Cooperation and Development	Ngozi University	98.012	14,632
Total awards to subrecipients			\$ 1,569,901

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Financial statements section

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Qualified

Internal control over financial reporting:

Material weakness(es) identified	_____	Yes	_____	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____		None reported
Noncompliance material to financial statements noted?	_____	Yes	_____	X	No

Federal awards section

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____		None reported

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified

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

_____	X	Yes	_____	No
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Identification of major programs:

CFDA number(s)

Name of federal program or cluster

84.007, 84.033, 84.038, 84.063, 84.268

Student Financial Assistance Cluster

84.031

Title III Strengthening Historically Black Colleges and Universities Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,178,788

Auditee qualified as low-risk auditee?

_____	Yes	_____	X	No
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South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Part II—Financial Statement Audit Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

FINDING 2012-01

Criteria or specific requirement: 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 *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.

Condition: Through our audit procedures over the University's 2012 financial statements, we identified a significant deficiency in internal control associated with the University's vendor list within Banner (the "Vendor List").

Context: The Vendor List represents the list of employees, third parties and other parties (collectively, the "Vendors") that Banner recognizes as approved Vendors and thus allows purchase orders and payments to be processed for each of the Vendors. During our procedures over the University's procurement process, we noted that the University did not appear to have formal internal controls over the Vendor List.

Effect: We noted that there were 69 users in Banner that had system access to add new vendors to the Vendor List and that there were approximately 18,500 vendors that were included on the Vendor List as of June 30, 2012.

Cause: Administrative oversight.

Recommendation: Given the size and complexity of the University, there appears to be an excessive amount of users with access to add new vendors as well as an excessive amount of vendors included on the Vendor List. To assist the University with the segregation of duties surrounding the procurement process, we recommend that the University design and implement formal controls to ensure that access to add vendors is limited to a predetermined set of users and that the addition of new users with this type of access is approved by the appropriate level of management prior to system access being granted. Additionally, to assist the University in managing the Vendor

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

List and to ensure that all Vendors exist, that the Vendors do not create any conflict of interest with the University, and that the Vendors are not federally excluded parties, we recommend that the University review and update the current Vendor Listing and that the University designs and implements formal controls that would allow vendors to only be added to Banner subsequent to the vendor being investigated and approved by predetermined members of management.

Views of responsible officials and planned corrective actions:

Management agrees with this comment. The Administration will initiate a review of processes and controls surrounding vendor database administration. The universe of parties with access to and the capability to make changes in the vendor masterfile will be reduced to an appropriate level and a change authorization protocol will be put into place.

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FINDING 2012-02

Criteria or specific requirement: *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 *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.

Condition: Through our audit procedures over the University's 2012 financial statements, which included inquiries of the University's Office of the Internal Audit, we noted a significant deficiency in internal control associated with the South Carolina State University Advancement Foundation (the "Advancement Foundation") and the South Carolina State University Research and Development Foundation (the "R&D Foundation", together with the Advancement Foundation, the "Foundations").

Context: The Advancement Foundation and the R&D Foundation each met the definition of a component unit of the University. However, the Advancement Foundation was not discretely presented in the University's 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 financial statements as required. Additionally, the R&D Foundation did not appear to have any activity until fiscal year 2013, however, it was not disclosed in the 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 financial statements as being component unit of the University as required.

Effect: The Advancement Foundation was not discretely presented and the R&D Foundation was not disclosed in the University's financial statements as required. Additionally, we noted that the most current financial statements available for the Advancement Foundation was as of and for the year ended June 30, 2010. As a result, as it pertains to the University's 2012 financial statements, the fiscal year covered in the most current financial statements of the Advancement Foundation, did not cover the fiscal year required by Government Accounting Standards Board Section 2600, *Reporting Entity and Component Unit Presentation* ("GASB Section 2600").

Cause: This was attributable to the creation of the Advancement Foundation and the R&D Foundation not being properly communicated to the Controller's Office until fiscal 2012 and 2013, respectively.

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Year Ended June 30, 2012

Recommendation:

We recommend that the University design and implement internal controls to ensure the creation of component units are communicated to the Controller's Office in a timely manner and that each of the component units provides financial statements that covers the fiscal year required by GASB Section 2600.

Views of responsible officials and planned corrective actions:

Management is actively working with the University's General Counsel on formalizing all relationships with the University's various foundations. This process includes more active ex-officio interfaces by the Administration and Board and each organization as well as requiring the timely provision of financial and operating information back to the University.

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Year Ended June 30, 2012

FINDING 2012-03

Criteria or specific requirement: *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 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.

Condition: Through our audit procedures over the University's 2012 financial statements, we identified a significant deficiency in internal control associated with compensated absences payable.

Context: During our procedures over compensated absences payable, we noted that the University had internal controls in place for the recognition of leave taken and reported by eligible employees. However, during these procedures we did not note a formal internal control in place to prevent or detect leave taken but not reported.

Effect: Of the approximately 500 eligible compensated absences employees at June 30, 2012, we noted that the University had recorded the maximum amount of compensated absences payable for approximately 37.5% of these employees.

Cause: Administrative oversight.

Recommendation: To assist with the accuracy of the compensated absences payable, we recommend that the University design and implement an internal control that would prevent or detect leave taken by eligible employees but not reported.

Views of responsible officials and planned corrective actions: Management concurs with this observation. The University will undertake a comprehensive review and analysis of its timekeeping and time reporting practices. This will include revised policy and procedure statements as well as training and education of staff and their supervisors on their respective responsibilities. Appropriate steps will be taken to determine that the University is brought into compliance retroactive to July 1, 2012.

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Year Ended June 30, 2012

FINDING 2012-04

Criteria or specific requirement: *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 *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.

Condition: Through our audit procedures over the University's 2012 financial statements, we identified a significant deficiency in internal control associated with grants and contracts receivable.

Context: During our procedures over the University's grants and contracts, we noted that a portion of our sample selections pertained to a state grant receivable that was not a valid receivable as of June 30, 2012.

Effect: An audit adjustment was recorded to reduce the grants and contracts receivable and related grant revenue as of and for the year ended June 30, 2012.

Cause: Administrative oversight.

Recommendation: We recommend that the University design and implement an internal control to ensure only valid grant receivables and related revenue recognized are appropriately accounted for as of each period end.

Views of responsible officials and planned corrective actions: The accounting process involved with these misstatements have been amended and revised, effective immediately. Management met with the Director and Assistant Director of Grants and Contracts Accounting ("GCA") to establish where the processes broke down and to make the necessary modifications. The Finance department will meet with the GCA staff periodically throughout the year to review accounting and revenue recognition for all major programs.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-05

Criteria or specific requirement: *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 *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.

Condition: The University's dual employment ("Dual Employment") policies allows its employees in full-time equivalent positions to accept temporary, part-time employment of a consultative or technical nature within the University or with another South Carolina state agency. Through our audit procedures over the University's 2012 financial statements, we identified a significant deficiency in internal control associated Dual Employment.

Context: In testing a sample of employees that participated and were paid for dual employment during fiscal 2012, we noted the following:

- Per the University's policies, all Dual Employment Form P-12's are required to have the approval from the applicable department vice president, the Office of Human Resources Management, and the Vice President of Finance.
 - We noted that 100% of the samples selected were missing one or more of the required signatures stated in the University's policies.
 - For 40 dual employment forms selected for testing, one or more approval signatures were not obtained until subsequent to the start date of the dual employment specified on the Form P-12.
 - For 6 dual employment forms selected for testing, the approved dual employment time specified on the Form P-12 overlapped with the times approved on a separate Form P-12. We noted that all 6 instances pertained to the same employee.
- For 5 dual employment forms that were selected for testing that were charged to federal grants, we noted that the Office of Sponsored Programs signed and approved the Form P-12 after the start date of dual employment indicated on the Form P-12.
- One of the dual employment expenditure selections

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was for a date not covered by that employee's Form P-12.

- For the sample of dual employments selected, we selected pay period 24 for testing noting that 9 employees charged and were paid full dual employment during this pay period which included 6 holidays.
- For 1 employee, the duration of the dual employment exceeded 12 months, which is not in accordance with the University's dual employment policies.
- For 3 dual employment forms selected for testing, the hours of dual employment were not specified on the Form P-12 as required.
- For 1 of the dual employment expenditures selected for testing, the employee erroneously completed Form P-12 which was processed and approved, resulting in the dual employment expense account being over stated for the year ended June 30, 2012.
- No time sheets were submitted for any of the samples selected for any pay periods during fiscal 2012 to substantiate that the time was worked and that the work performed for dual employment purposes did not overlap with the employee's primary occupation.

Effect: Certain expenditures were not fully supported in accordance with the University's Dual Employment policies and procedures.

Cause: Administrative oversight.

Recommendation: We recommend that the University design and implement internal controls in place to ensure that all Form P-12's are approved by the required personnel including approvals from the Office of Sponsored Programs if the time is charged to a federal or state grant; that all the approvals are obtained prior to the state date of the dual employment; that the time specific on the approved Form P-12 does not overlap with other scheduled work; that dual employment is only paid for the specific dates stated on the approved Form P-12; that the Form P-12 include the specific hours of the day that the employee will work their dual employment; that the Form P-12 specifies whether any of the dual employment work will be performed remotely; and that dual employment expense is only charged for actual dual employment work. Additionally, we recommend that the University design and implement internal controls that would require all dual employees to submit time sheets each pay period; that the time sheets would require the employee to state the specific hours of the

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day worked; that the time sheet includes all time worked on the employee's primary occupation as well as for dual employment; and that the time sheet is approved by the appropriate supervisor prior to the employee's wages being processed for payment.

Views of responsible officials and planned corrective actions:

The University's Controller will spearhead a project in conjunction with the Internal Audit group to conduct a complete review of our policies, practices, review and supervision authorities, and controls surrounding dual employment and the attendant timekeeping and time reporting requirements. The University takes the observations and comments quite seriously as grant related activities are an integral part of the University's total operations and a significant portion of its total revenues.

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FINDING 2012-06

Criteria or specific requirement: *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 *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.

Condition: Through our audit procedures over the University's 2012 financial statements, we identified a significant deficiency in internal control associated with journal entries.

Context: During our procedures we reviewed and tested various journal entries. During these procedures, we noted that certain journal entries that were approved by the University's former Vice President of Finance were not fully supported with adequate documentation.

Effect: Certain audit differences were proposed and recorded by the University to appropriately state the 2012 financial statements.

Cause: Administrative oversight.

Recommendation: We recommend that the University enhance its internal controls over journal entries to prevent journal entries that are not adequately supported from being posted to the general ledger.

Views of responsible officials and planned corrective actions: The transaction in question was taken up with the former employee with no corroboration presented. The transaction was corrected in the financial records and financial statements. The University does not countenance this type of behavior and all transactions recorded in the books and records of account require appropriate substantiation. Additionally, as of June 30, 2012 we fully accrued for the \$100,000 in questioned costs and such amount was subsequently deducted from our November 2012 billing.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Part III—Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

FINDING 2012-07

Federal Program Information:	Federal Direct Student Loans (CFDA #84.268)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Unless the school expects to complete its next roster within 60 days, the school must notify 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 (34 CFR 685.309).
Condition:	For 2 students selected for student status changes testing, the change in status was not reported within the required timeframes.
Questioned Costs:	None.
Context:	For 2 of the total of the 25 students selected for student status changes testing.
Effect:	The University was not in compliance with the student status changes reporting requirements.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University report student status changes within the required timeframes.
Views of responsible officials and planned corrective actions:	The University will, in the future, ensure that all student data are submitted timely to the National Student Clearinghouse and therefore forwarded to NSLDS within the required timeframe.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-08

Federal Program Information:	Student Financial Assistance Cluster (various CFDA #'s)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	A school must wait 7 days after it informs the National Student Loan Database System ("NSLDS") about a transfer student before disbursing Title IV aid to that student (34 CFR 668.19).
Condition:	The University disbursed Title IV aid to 19 students prior to informing the NSLDS of the transfer students.
Questioned Costs:	None.
Context:	For 19 of the 25 students selected for transfer monitoring testing, the University did not inform the NSLDS of its transfer students.
Effect:	The University was not in compliance with the Title IV disbursement communication requirements for transfer students.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University waits the required 7 days after it informs the NSLDS of the transfer students before disbursing Title IV aid to the transfer students.
Views of responsible officials and planned corrective actions:	All financial aid applicants indentified as transfer students regardless to the transfer term and/or a current year financial aid history will be added to the NSLDS transfer monitoring system effective summer 2013.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-09

Federal Program Information:	Federal Direct Student Loans (CFDA #84.268)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Each month, the Common Origination and Disbursement provides institutions with a School Account Statement ("SAS") data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records (34 CFR sections 685.102(b), 685.301, and 685.303).
Condition:	The University did not reconcile the SAS data files to its financial records as required.
Questioned Costs:	None.
Context:	The SAS data file reconciliations were not prepared for fiscal year 2012.
Effect:	The University is not in compliance with the SAS data file reconciliation requirement.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University prepare monthly reconciliations of the SAS data file to its financial records.
Views of responsible officials and planned corrective actions:	The University reconciles federal programs on a monthly basis and uses the COD website because of the up to date/real time information provided. The timeline for the monthly reconciliation will be changed to coincide with the receipt of the SAS and the SAS will be used in conjunction with COD for the monthly reconciliation.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-10

Federal Program Information:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	The University is required to maintain internal controls over compliance related to the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles. This includes internal controls over purchases of goods and services to ensure that only allowable expenditures are approved for processing and payment.
Condition:	The University's Office of Sponsored Programs did not properly approve 8 grant purchase requisitions.
Questioned Costs:	None.
Context:	For 8 of 41 expenditures selected for testing, the University did not have approval by the Office of Sponsored Programs.
Effect:	Certain goods and services funded by the Title III Program were not properly approved.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University enhances its internal controls over the expenditures of Title III Program funds to ensure that they are properly approved before such expenditures are incurred.
Views of responsible officials and planned corrective actions:	The University has revised the electronic approval queues to ensure that all Title III expenditure requests are approved by the Office of Sponsored programs.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-11

Federal Program Information:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	The University is required to maintain internal controls over compliance related to the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles. This includes internal controls over payroll and related benefits charged to a federal program.
Condition:	The time and effort worksheets for 4 employees selected for testing were approved prior to the end of the period and thus after-the-fact confirmation was not obtained. Additionally, 1 of the expenditures selected for testing included salaries and benefits charged to the federal program by a non-University state employee and for the period selected for testing, there was no corresponding supporting documentation for the time and effort charged to the program.
Questioned Costs:	None.
Context:	For 4 of the 41 expenditures selected for testing, the related time and effort worksheets were not approved through after-the-fact confirmation. For 1 of the 41 expenditures selected for testing, there was no supporting documentation for the time and effort charged to the program.
Effect:	Certain salaries and benefits funded by the Title III Program were not processed adequately through the University's internal controls over federally funded payroll and payroll related expenditures.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University implement internal control over compliance with payroll and payroll related expenditures charged to federal programs. These internal controls should ensure that all time and effort reporting is approved through after-the-fact confirmation and that all non-University employee payroll expenditures are adequately supported with time and effort documentation that is approved by the appropriate University personnel.
Views of responsible officials and planned corrective actions:	The University will correct the deficiencies noted and ensure that the internal control policies over payroll and payroll related expenditures are fully implemented.

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Year Ended June 30, 2012

FINDING 2012-12

Federal Program Information:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.
Condition:	The University's Title III Program is funded on a reimbursement basis. For 5 transactions selected for cash management testing, the University requested reimbursement from the Federal Government prior paying for the underlying expenditure.
Questioned Costs:	None.
Context:	For 5 of 40 transactions selected for cash management testing.
Effect:	The University was not compliant with the cash management requirements of the reimbursement basis method of funding.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University pays for all applicable program expenditures before reimbursement is requested from the Federal Government. To assist with being compliant with these requirements, we also recommend that each draw down request from the Federal Government is supported with a detailed list of expenditures that have been incurred and paid.
Views of responsible officials and planned corrective actions:	The University has modified the existing control mechanism to ensure that only paid invoices are billed to Federal Agency for reimbursement.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-13

Federal Program Information:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Level of effort requirements allow for Federal funds to supplement non-Federal funding of services but not supplant non-Federal funding of services.
Condition:	For one of the expenditures selected for testing, the only supporting documentation available consisted of a journal entry that reversed out \$100,000 of information technology expenditures out of non-Federal funding of services and into the Title III Program. Based on the limited supporting documentation that was attached to this journal entry, it appears that the University supplanted \$100,000 non-Federal funding of services with Title III Program funds.
Questioned Costs:	\$100,000.
Context:	For 1 of 41 expenditures selected for testing.
Effect:	The University was not compliant with the supplement not supplant non-Federal funding of services level of effort requirements.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University does not supplant non-Federal funding of services with Federal funding.
Views of responsible officials and planned corrective actions:	The transaction discussed in this compliance finding also pertains to the transaction discussed in the internal control over financial reporting finding 2012-06. The transaction in question was taken up with the former employee with no corroboration presented. The transaction was corrected in the financial records and financial statements. The University does not countenance this type of behavior and all transactions recorded in the books and records of account require appropriate substantiation. Additionally, as of June 30, 2012 we fully accrued for the \$100,000 in questioned costs and such amount was subsequently deducted from our November 2012 billing.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

FINDING 2012-14

Federal Program Information:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Educational institutions that receive aggregate sponsored agreements totaling \$25 million or more that are subject to OMB Circular A-21 during their most recently completed fiscal year are required to disclose their cost accounting practices by filing a Disclosure Statement ("DS-2") (48 CFR 9903.202).
Condition:	The University did not submit their cost accounting practices through the required filing of a DS-2.
Questioned Costs:	None.
Context:	A Disclosure Statement was not prepared or filed as required.
Effect:	The University is not in compliance with the DS-2 filing requirement.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University prepare and file a DS-2 with its federal cognizant agency.
Views of responsible officials and planned corrective actions:	The University will file Disclosure Statement (DS-2).

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2012

This section identifies the audit findings that were required to be reported in the prior year by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any prior year abuse findings involving federal awards that are material to a major program.

There were no prior year audit findings noted.