

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 16

DATE:

April 1, 2008

RECOMMENDATION

**OMB CIRCULAR A-133 SUPPLEMENTARY FINANCIAL REPORTS FOR THE
YEAR ENDED JUNE 30, 2007**

ACTION REQUESTED

It is recommended that the Board of Regents receive, approve and place on file the OMB Circular A-133 Supplementary Financial Reports for the Year Ended June 30, 2007.

STAFF SUMMARY

The report includes an independent auditors' report on compliance with requirements applicable to the University's Federal Awards programs. The report states that the University complied, in all material respects, with the requirements governing its major Federal Award Programs for the Year Ended June 30, 2007.

Plante & Moran, PLLC, independent public accountants, reported in the Schedule of Findings and Questioned Costs that there were no material weaknesses. However, there was one financial statement audit finding and three federal program audit findings.

Finding # 1 Reference 2007-A: Financial Statement Audit:

The University was found to not have capitalized expenses related to capital assets in the current year when some of the actual expenditures occurred in previous fiscal years and were reported as expenses in those fiscal years.

Corrective Action Taken:

Capitalized assets are now identified at the beginning of the year as opposed to the end of the year so that they are not omitted.

Finding # 2 Reference 2007-1: Federal Program Audit:

The University did not receive suspension or debarment certificates from vendors or check the excluded parties listing system for those awards over \$25,000.

Corrective Action Taken:

The University is including a suspension and disbarment procedure in the new Purchasing Procedures and the suspension and disbarment listing is reviewed for all purchases/contracts greater than \$25,000.

Finding # 3 Reference 2007-2: Procedures to Monitor Subrecipient Activities:

The University did not obtain audit information and ensure proper follow-up on any findings from sub-recipients for pass-through awards.

Corrective Action Taken:

The Office of Research and the Grants Accounting Office is developing procedures for monitoring subrecipient grants.

Finding # 4 Reference 2007-3: Spending Federal Funds:

The University was found to not have adequate controls in place to determine if a cost is allowable in a timely manner.

Corrective Action Taken:

Management reviewed the current procedures that are in place and has determined that these procedures do allow for the monitoring of the majority of cost allocations. To ensure comprehensive compliance and to address internal control weaknesses, management has implemented additional measures to confirm that costs are allowable in accordance with federal regulations.

(Refer to pages 14-17 of the report for the details of the findings.)

FISCAL IMPLICATIONS

None.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

Todd Ohmer
University Executive Officer

03/24/08
Date

Eastern Michigan University

**Federal Awards
Supplemental Information
June 30, 2007**

Eastern Michigan University

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Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

We have audited the basic financial statements of Eastern Michigan University (the "University") for the year ended June 30, 2007 and have issued our report thereon dated September 14, 2007. Those basic financial statements are the responsibility of the management of the University. Our responsibility was to express an opinion on those basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the University taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule 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.

Plante & Moran, PLLC

September 14, 2007



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*

To the Board of Regents
Eastern Michigan University

We have audited the financial statements of Eastern Michigan University as of and for the year ended June 30, 2007 and have issued our report thereon dated September 14, 2007. 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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 2007-A to be a significant deficiency in internal control over financial reporting.

To the Board of Regents
Eastern Michigan University

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described is not a material weakness.

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*.

The University's response to the significant deficiency and findings relating to compliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, board of regents, 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.

Plante & Moran, PLLC

September 14, 2007



Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control Over Compliance in Accordance
with OMB Circular A-133

To the Board of Regents
Eastern Michigan University

Compliance

We have audited the compliance of Eastern Michigan University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The major federal programs of the University 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 on 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that 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 2007-1, 2007-2, and 2007-3.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance and its operation that we consider to be significant deficiencies.

A control deficiency 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 noncompliance with a type of compliance requirement for a major program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a major federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement for a major program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, and 2007-3 to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance that is material to a type of compliance requirement for a major program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over compliance that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

The University's response to the significant deficiencies and findings relating to compliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Board of Regents
Eastern Michigan University

This report is intended solely for the information and use of the audit committee, board of regents, 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.

Plante & Moran, PLLC

November 13, 2007

Eastern Michigan University

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

Federal Agency/Pass-through Agency/Program Name	Federal CFDA Number	Federal Award Number	2006-2007 Federal Expenditures
Clusters:			
STUDENT FINANCIAL AID CLUSTER			
LOAN AND LOAN GUARANTEE PROGRAMS:			
Stafford Loans - Subsidized	84.032	-	\$ 41,985,680
Stafford Loans - Unsubsidized	84.032	-	44,812,551
Parent Loans for Students (PLUS)	84.032	-	10,846,635
Graduate Loans (PLUS)	84.032	-	266,157
Perkins: Loans Issued	84.038	-	1,691,597
Total Loan and Loan Guarantee Programs			<u>99,602,620</u>
US DEPARTMENT OF EDUCATION:			
USDE: PELL	84.063	P063P041630	12,151,329
USDE: SEOG	84.007	P007A042005	864,498
USDE: Academic Competitiveness	84.375	P375A071630	222,851
USDE: Science and Mathematics Access to Retain Talent	84.376	P376S071630	92,000
USDE:CWS Job Locator	84.033	P033A042005	50,000
USDE: FCWS	84.033	P033A042005	845,141
TOTAL US DEPARTMENT OF EDUCATION			<u>14,225,819</u>
Total Student Financial Aid Cluster			<u>113,828,439</u>
RESEARCH AND DEVELOPMENT CLUSTER			
DEPARTMENT OF DEFENSE:			
DOD/ONR:Advanced Antifouling Coatings & Materials	12.300	N00014-04-1-0763	1,437
DOD/USAF/Materials: Nano-Engineered Coatings (SBIR Sub Contract)	12.800	F3361503M5018	5,037
DOD/UM:Breast Cancer Screening	12.420	W81XWH	3,665
DOD/USARL:Advance CRI Control	12.910	DAAD190320013	10,978
DOD/USARL:CRI Controllables	12.300	DAAD190320013	65,052
DOD/USATACOM:Advanced Coatings Research		DAAE0703CL127	
Advance Fouling Release Coatings and Analysis	12.300	ONR BAA #04-001	433,093
Enhancing IA Educational Outreach within the State of Michigan-Annex I:			
Partnership with IRMC of the National Defense Institution	12.902	-	1,698
TOTAL DEPARTMENT OF DEFENSE			<u>520,960</u>
ENVIRONMENTAL PROTECTION AGENCY:			
EPA/GLFC:Attachment Behavior of Sea Lampreys	66.469	-	415
EPA: Bldg Leadership Capacity for Sustainability	66.951	NE-83327201-0	48,459
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>48,874</u>
HEALTH AND HUMAN SERVICES:			
HHS/BFDI: Family Connections Year 2	93.595	-	(7,117)
HHS/MDCH:Alzheimer's Research Program 2004-2005	93.951	-	(5,916)
HHS/MDCH:CAFAS YR9: Services to Children with a Severe Emotional Disturbance	93.958	-	(635)
HHS/MDCH Cafas Level of Functioning Yr 10	93.958	05B1CMHS-03	16,622
BFDI: Family Connections Year 3	93.652	-	17,340
BFDI: Family Connections Year 4	93.652	-	47,345
TOTAL HEALTH AND HUMAN SERVICES			<u>67,639</u>

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

Federal Agency/Pass-through Agency/Program Name	Federal CFDA Number	Federal Award Number	2006-2007 Federal Expenditures
NATIONAL INSTITUTE OF HEALTH:			
NIH:Alcohol-Related Sexual Assault Among Adolescents	93.273	1R03AA01460101A1	\$ 2,181
NIH:H. Influenzae Modulins in COPD Airway Inflammation	93.390	R15HL071526	25,002
NIH:Invest Common Retro	93.390	R15GM62828A	16,199
Comparative Study of Influenza Vaccines in Adults	93.856	-	1,543
NIH:Signaling Cascades, Allostery, and the Pyrimidine Pathway	93.859	RFAGM01005	227,597
Comparative Study of Influenza - Second year	93.856	-	15,408
NIH/MSU: Race and Family	93.279		1,310
Functional Materials Through Bottom-Up Self-Assembly - 2007			
Supramolecules & Assemblies Chemistry of Gordon Conference	93.859	IR13GM080982-01	5,000
TOTAL NATIONAL INSTITUTE OF HEALTH			294,240
NATIONAL SCIENCE FOUNDATION:			
NSF/UM:MSP- MAP Project	47.076	-	(1,677)
NSF/WSU:E-Meld: Electronic Metastructure for Endangered Languages Data	47.075	-	43,606
NSF:Acquisitions to Create Organismal Physiology Research Laboratory for Research and Teaching at Eastern Michigan University	47.074	DBI-0420965	19,047
NSF:CCLI-Adaptation & Implementation of Inquiry-Based Genomics Into the Ug Cur	47.076	DUE 0126640	10,567
NSF:Dena'ina Online Training and Access	47.078	OPP-0326805	72,581
NSF:Infusing NSDL in Middle Schools - Obstacles and Strategies	47.076	0333632	26,223
NSF:NUE-RUI Nanotechnology Curriculum Development	47.049	CHE-0407360	39,112
NSF:RUI Autotrophs and Heterotrophs	47.074	-	574
NSF:RUI Maintenance of Stomatal Aperture	47.074	IBN-0343873	101,436
NSF:Survey of the Iraqi Public	47.075	SES-0433773	9,518
NSF:The Rosetta Project	47.076	DUE-0333530	(3,828)
NSF: The Entourage of Saudi Arabia	47.075	-	273
NSF: RUI-p59fyn in XEphA4 Signaling	47.074	MCB-0445273	53,111
NSF: Iraqi's Perceptions of the Past, Present, and Future	47.075	SES-0522174	(842)
NSF/DHB: Collaborative Research LL-Map Language	47.075	BCS-0527512	115,216
NSF: Creative Scientific Inquiry Experience	47.076	AWARD 0525514	338,957
		NATIONAL ENDOWMENT	
NEH\Wichi: Documentation, Description, and Training	47.075	HUMANITIES	8,829
NSF: LL-MAP: Language & Location: A Map Annotation Project	47.075	-	10,948
NSF: EMELD:Electronic Metastructure for Endangered Language Data	47.075	-	20,609
		UM SUBCONTRACT	
NSF/UM: Study of Instructional Improvement (SII)	47.076	#3000645297	38,571
NSF: Multi-Tree: A Digital Library of Language Relationships	47.075	AWARD 0731530	20,833
NSF: Collaborative Research Multi-Tree: A Digital Library	47.075	PD 98-1311	163,033
		PO P0001395 - AWARD	
NSF/HFCC: Partnership for Articulated Mathematics & Science	47.076	0402488	810
NSF: VISIT Virtual Immersion In Scientific Inquiry for Teachers 556491	47.076		18
TOTAL NATIONAL SCIENCE FOUNDATION			1,087,525

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

Federal Agency/Pass-through Agency/Program Name	Federal CFDA Number	Federal Award Number	2006-2007 Federal Expenditures
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
NASA/MSGC: EMU Affiliate	43.001	-	\$ (1,721)
TRACO			
Coatings with Low Emissivity	81.049	DE-FC-04NT42321	207,400
UNITED STATES DEPARTMENT OF AGRICULTURE:			
USDOA/EWC/PDC: Imagery Layer Locator, and ENDURE - An Urban Growth/Recovery Model	12.114	DASW01-02-2-0001	(378)
UNITED STATES ARMY:			
Nanomaterials for Biological Defense	12.300	-	175,858
US DEPARTMENT OF EDUCATION:			
USDE/FCC: Underground Railroad Museum	84.345	P345A030011	9,041
USDE/MDE: She Does Math	84.367	030290/903	11,762
USDE/SAU: Developing an Ecology for Preparing Tomorrows Teachers for Technology	84.281	-	(3,047)
USDE/UCLA: Return to Ucuchi 15 Years Later	84.017	-	3,613
USDE/WCSD: Character Ed Svices	84.125	R215S020108	(23,068)
USDE: Multimedia Digital Textbooks for Tow Dialects of Tibetan	84.229	-	3,469
USDE: Connecting Students to the Community: EMU GEAR-UP Partnership to Promote College Readiness and Success, Year 1 of 6	84.334	P334A060204	345,608
USDE/MDE: Career & Technical Teacher Education Program Improvement	84.048	6018-2	62
USDE/MDLEG Michigan Department of Career Development KCP State GEAR-UP Program	84.334	GRANT 06-00-02	68,466
MDE/USDE 21st Century Community Learning Centers 2007-2008	84.287	-	5,580
TOTAL US DEPARTMENT OF EDUCATION			421,486
US DEPARTMENT OF GEOLOGICAL SURVEYS			
DI/USGS: Computer-based GIS/Math Model - Wetlands	15.808	03ERAG0060	59
US DEPARTMENT OF INTERIOR:			
DI/MDNR: Habitat Requirements of the Endangered Indiana Bat in Southern Michigan: A Comprehensive Analysis	15.608	751B3001052	51,694
US DEPARTMENT OF JUSTICE			
TEEN SERT: Student Emergency Response Training Program Statewide Implementation	16.609	2003-DD-BX-1155	551,426
USDOJ: EMU Infant Mental Health Evaluation	16.542	2006-JF-FX-0070	115,146
TOTAL US DEPARTMENT OF JUSTICE			666,572
US FISH AND WILDLIFE SERVICES:			
The Bat Community Along Black Creek, Lenawee County, With Emphasis on the Evening Bat (Ncyticus humeralis)	15.634	751B6200019	42,703
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			3,582,911

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

Federal Agency/Pass-through Agency/Program Name	Federal CFDA Number	Federal Award Number	2006-2007 Federal Expenditures
OTHER FEDERAL AWARDS:			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Jumpstart Americorps Program	94.006	-	9,789
MCSC/CNCS JumpStart Americorp	94.006	# 590100	60,490
CNCS/MCC: EMU and Lutheran Social Services of Michigan Partnership			
Program: Foster Care Youth Write Their Way to a Promising Future	94.005	06LHHM1001	16,290
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			86,569
CORPORATION FOR PUBLIC BROADCASTING:			
WEMU Community Service Grant 06-07	83.544	-	156,317
DEPARTMENT OF THE AIR FORCE:			
Advanced Coating Systems for Aluminum Surfaces	12.800	SUB07S568028C1, FA865005D5807	184,180
ENVIRONMENTAL PROTECTION AGENCY:			
EPA/MDEQ:Stony Creek Watershed Plan	66.606	-	953
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
FEMA/MCSC: CERT Training	83.531	-	47
HEALTH AND HUMAN SERVICES:			
HHS/MFIA:MSW Child & Family Specialty Supervision	93.658	-	(210)
Michigan Family Independence	93.648	USM-GR02612-A10	23,153
Michigan Family Independence 2006-2008	93.648	FLDSU-07-81101	2,779
Reducing Health Disparities Through Health Promotion Programs: PATH and MCR CSP	93.283	#3000685120	9,852
TOTAL HEALTH AND HUMAN SERVICES			35,574
MICHIGAN DEPARTMENT OF EDUCATION:			
MDE/MDLEG:DECA 04-05	84.048	053430/50134	1,487
MDE/MDLEG:FCCLA 04-05	84.048	053430/50133	183
MDE/MDLEG:FCCLA 2006-2007	84.048	-	66,153
TOTAL MICHIGAN DEPARTMENT OF EDUCATION			67,823
MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC GROWTH:			
CDPF/MDLEG: 2006-2007 Career and Technical Teacher Education Program Improvement Grant	84.048	-	909
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Space Rocks! A New Interdisciplinary Course	43.001	-	5,980
NATIONAL SCIENCE FOUNDATION:			
WSU:Collaborative Research:DLConnect: Connecting Underserved Teachers and Students with NSDL Learning Resources and Tools	47.076	-	111,316
Information Geometry with Application to the Measurement and Model Selection	47.049	-	2,752
TOTAL NATIONAL SCIENCE FOUNDATION			114,068
US DEPARTMENT OF AGRICULTURE:			
USDA/USM:In-Classroom Breakfast	10.574	USM-GR02612-A10	29,663

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

Federal Agency/Pass-through Agency/Program Name	Federal CFDA Number	Federal Award Number	2006-2007 Federal Expenditures
US DEPARTMENT OF EDUCATION:			
USDE/MDE:04-05 MI School Readiness	84.334	055170-B0555C	\$ 1,425
USDE/MDE:TLT Detroit II	84.367	050290/602	21,910
USDE/NWP:EMU Writing Project 05-06	84.298	92-MI01	7,422
USDE:Upward Bound 03-08	84.047	P047A030789	383,416
USDE:Upward Bound 2006/2011	84.047	-	20,747
USDE/MDE Deca	84.048	6013-2	(7,638)
USDE/MDE Fccla	84.048	6013-4	(8,566)
USDE/MDE:MI School Readiness Program 2005-2006	84.334	065170-C0664C	15,799
USDE/MDE:CCLC Year 3	84.287	-	7,229
USDE/MDE Project Success	84.367	060290-611	151,246
USDE/MDE:CCLC Year 4 (06-07)	84.213	-	277,843
USDE/NWP: EMU Writing Project 06-07	84.298	-	41,335
USDE/NWP: EMU Writing Project 07-08	84.298	-	543
USDE/MDLEG: Michigan BPA 2006-2007	84.048	-	76,441
CDPF/MDLEG:Michigan Skills USA 2006-2007	84.048	-	71,908
CDPF/MDLEG:Michigan DECA 2006-2007	84.048	-	73,894
USDE/WCS:CALION	84.283	-	(232)
USDE/WCS:CEAC-Character Ed	84.125	R215S020108	(245)
TOTAL US DEPARTMENT OF EDUCATION			<u>1,134,477</u>
US DEPARTMENT OF HOMELAND SECURITY			
USHS:MDSP Teen SERT Training	97.004	-	(31,233)
USDHS: City of Detroit Fire Symposium	97.008	-	(46,381)
TOTAL US DEPARTMENT OF HOMELAND SECURITY			<u>(77,614)</u>
US DEPARTMENT OF JUSTICE:			
USDJ:Center for Community Building	16.609	2003DDBX1155	108,967
DOJ:Weed & Seed 22060804	16.595		33,820
DOJ: Strengthening Organizations, Building Capacities	16.609	2003-DD-BX-1155	17,676
TOTAL US DEPARTMENT OF JUSTICE			<u>160,463</u>
US DEPARTMENT OF STATE:			
USDS/ACIE:Muskie Graduate Fellowship	19.405	-	(3,072)
ACIE: Muskie Fellowship Year 2	19.400	-	8,722
DOS/IREX: Undergrad Fellowship	19.430	FLDSU-06-81001	25,870
TOTAL US DEPARTMENT OF STATE			<u>31,520</u>
US SMALL BUSINESS ADMINISTRATION:			
USSBA/GVSU: SBTDC Regn 9 2007	59.037	-	195,388
USSBA/GVSU:SBDTC -2006	59.037	-	258,609
TOTAL US SMALL BUSINESS ADMINISTRATION			<u>453,997</u>
US GEOLOGICAL SURVEY:			
USGS-GIS Components for Forage	15.808	-	4,872
TOTAL OTHER FEDERAL AWARDS			<u>2,389,798</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 119,801,148</u></u>

Eastern Michigan University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Eastern Michigan University (the "University") and is presented on the same basis of accounting as the basic financial statements. 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 - Loans Outstanding

The University had the following loan balances outstanding at June 30, 2007. These loan balances are not included in the federal expenditures presented in the schedule of expenditures of federal awards.

Cluster/Program Title	CFDA Number	Amount Outstanding
Federal Perkins Loan Program	84.038	\$ 11,265,042

Note 3 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
EPA: Building Leadership Capacity for Sustainability	66.951	\$ 9,551
NSF: Infusing NSDL in Middle Schools - Obstacles and Strategies	47.076	3,918
NSF: Survey of the Iraqi Public	47.075	8,340
USSBA/GVSU: SBDTC - 2006	59.037	60,000
Signaling Cascades, Allostery, and the Pyrimidine Pathway	93.859	104,123
Total provided to subrecipients		<u>\$ 185,932</u>

Eastern Michigan University

Schedule of Findings and Questioned Costs Year Ended June 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ 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 program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ Yes ☐ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.032, 84.033, 84.038, 84.063, 84.375, and 84.376	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$605,956

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

Section II - Financial Statement Audit Findings

Reference Number	Findings
2007-A	<p>Finding Type - Significant deficiency</p> <p>Criteria - Capital asset-related disbursements are required to be recorded as an asset in the year in which the transaction transpires.</p> <p>Condition - The University capitalized expenses related to a capital asset in the current year when some of the actual expenditures occurred in previous fiscal years and were reported as expenses in those fiscal years.</p> <p>Cause and Effect - The University did not have sufficient internal controls in place to verify the completeness of its capital asset additions. The error resulted in an overstatement of expenses in prior years and an understatement of expenses in the current fiscal year.</p> <p>Recommendation - The University is encouraged to review its policies and procedures related to identifying capital asset-related expenditures and ensuring they are properly accounted for.</p> <p>Views of Responsible Officials and Planned Corrective Actions - All project accounts have been moved into the project module in banner for fiscal year 2008. An attribute has been assigned to each project based on projected budget which will flag those accounts that should be capitalized. Reports have been developed to be run throughout the year to monitor these projects and capitalize appropriately. Financial services is in the process of documenting these procedures to ensure this process is completed consistently.</p>

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

Section III - Federal Program Audit Findings

Reference Number	Findings
2007-I	<p>Program Name - Research and Development Cluster - Various CFDA</p> <p>Finding Type - Significant deficiency/Noncompliance</p> <p>Criteria - When awarding contracts over \$25,000, the University is required to receive suspension or debarment certificates from the vendor or check the excluded parties listing system.</p> <p>Condition - The University does not review any suspension or debarment information for any vendor.</p> <p>Questioned Costs - None</p> <p>Context - Of the two purchases that were tested for suspension and debarment certifications, neither had the adequate documentation that is required.</p> <p>Cause and Effect - The University did not have a process in place to ensure that the certificates were being reviewed for significant purchases, which resulted in the noncompliance.</p> <p>Recommendation - The University should implement a process to review certificates or other support to verify that vendors are not suspended or debarred.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Review of the suspension and disbarment listing will be added to the purchasing procedures. The University purchasing department will review the listing for all purchases/contracts greater than or equal to \$25,000.</p>

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2007-2	<p>Program Name - Research and Development Cluster - Various CFDA</p> <p>Finding Type - Significant deficiency/Noncompliance</p> <p>Criteria - Federal regulations require pass-through entities to perform procedures to monitor subrecipient activities, including obtaining required audits and ensuring appropriate corrective action is taken on audit findings.</p> <p>Condition - The University does not have any specific procedures in place to properly monitor subrecipients.</p> <p>Questioned Costs - None</p> <p>Context - The University did not have any documentation or audit reports to verify that subrecipients had proper controls or had taken appropriate action related to audit findings.</p> <p>Cause and Effect - The University does not have any specific procedures in place to properly monitor subrecipients. This could result in disbursement of funds to subrecipients with inadequate controls and uncorrected audit findings</p> <p>Recommendation - We recommend that the University implement procedures to ensure proper monitoring of subrecipients, including obtaining audit reports and/or performing other monitoring functions</p> <p>Views of Responsible Officials and Planned Corrective Actions - The grants accounting office is working with the office of research to develop a policy, along with the procedures, for monitoring subrecipient grants. This project was in progress at the time of the audit, but efforts will be accelerated to bring this task to a conclusion.</p>

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2007-3	<p>Program Name - Research and Development Cluster - Various CFDA</p> <p>Finding Type - Significant deficiency/Noncompliance</p> <p>Criteria - The University is required to spend federal funds in accordance with OMB Cost Circular A-21.</p> <p>Condition - The University did not have adequate controls in place to determine if a cost is allowable in a timely manner.</p> <p>Questioned Costs - \$21,200 - Calculated by extrapolating error rate in sample to the entire population of research and development expenditures</p> <p>Context - Of the 25 purchases that were tested for allowability, there were two that were deemed unallowable according to OMB Circular A-21.</p> <p>Cause and Effect - The University did not have adequate controls in place to determine if a cost is allowable in a timely manner, resulting in multiple unallowable costs.</p> <p>Recommendation - The University should implement a process to review costs in a more timely manner, to ensure costs are allowable in accordance with federal regulations.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management has reviewed the current procedures and has determined that although current controls in place do allow for the monitoring of the majority of the cost allocations, it has been determined that additional controls could be added to further ensure that only allowable costs will be charged to all sponsored research contracts. To ensure compliance, all purchasing card statements and receipts for purchasing cards that are tied to a grant will be required to be submitted to the grants accounting office and held there for the appropriate retention period of the grant. Also, in addition to reviewing all requisitions prior to purchase, all charges are being reviewed for appropriateness as each grant is reconciled.</p>

Eastern Michigan University

Summary Schedule of Prior Audit Findings Year Ended June 30, 2007

Reference Number	Findings
2006-I	<p>Program Name - Student Financial Assistance Cluster - 84.007, 84.032, 84.033, 84.038, and 84.063</p> <p>Finding Type - Material noncompliance</p> <p>Description - Federal regulations require the University to perform a return of Title IV funds calculation when students withdraw during the semester. This calculation is based on a standard form provided by the Department of Education. The calculation splits the amount of Title IV funds due back to the government into the University and student responsibility based on University charges assessed to the student. The University was using net charges instead of gross, resulting in the University returning less funds on the student's behalf than were required.</p> <p>Status - Corrective action has been taken.</p> <p>Following the finding notification, management immediately reviewed every student record with a return of Title IV calculation for that year and made corrections if needed. The staff member responsible for the calculations was retrained and the policies and procedures were rewritten.</p>